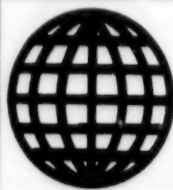


JPRS-NEA-94-011

8 March 1994



**FOREIGN
BROADCAST
INFORMATION
SERVICE**

JPRS Report

Near East & South Asia

Near East & South Asia

JPRS-NEA-94-011

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8 March 1994

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REGIONAL AFFAIRS

Bank Organization Reports on 1993 Arab Finances

94AE0070A London AL-HAYAH in Arabic
20 Jan 94 p 11

[Text] Dubai—An Arab economic report says that for Arab world economies, 1993 was a year to further build on the positive developments that occurred in the region in 1992. Instead of burdening their economies with additional ambitious projects, countries of the region focussed instead on sustaining their previous year's accomplishments in the areas of confidence and investment. The optimism generated by the resolution of the Kuwait crisis in 1991 continued to prevail. The Arab states also reduced their borrowing and focussed on attracting international investors. The report added that 1993 brought with it more recognition of the need to administer economic conditions with a more reasoned and studied approach if they are to be sustained in the long-term.

The report, issued by the Arab Banking Corporation, pointed out that foreign economic developments greatly impacted the Arab world in 1993. Recession in Europe, which is the major market for Arab non-mineral exports, and the general softening of oil prices, contributed a measure of moderation to economic developments in the region. Other exporting countries, especially phosphates producers, suffered the consequences of reduced world demand. But the producers of minerals chose not to succumb to that negative actuality and, instead, adopted effective marketing strategies in their major markets, not merely to maintain market-shares but also to expand them. Those strategies were successful to a degree and are expected to remain in place beyond 1993, since several of those producer countries enjoy the lowest production costs in the world.

The report noted that future difficulties in 1994 will relate to maintaining the rate of investment at a time when returns are low on investments needed to expand the goods-producing sectors and supporting industries [as published] which have been considered important elements of the development strategies of Arab governments since the end of the Kuwait crisis. It pointed out that even though the Arab states, by offering a number of incentives, succeeded in 1991 in attracting private domestic and foreign investments to additional economic sectors, those states found it most difficult to attain their goals in the state-owned sectors that they place at the top of their priorities.

The Corporation noted that most of the states that suffered that predicament had enough borrowing power in 1993 to tap domestic and regional capital markets for the funds needed to finance their projects. Even though this was exactly what some of them did in 1991 and 1992, they chose to exercise that option as little as possible in 1993. [The Corporation] further stated in its

report that, instead of borrowing, the countries concerned found it an easier strategy in the long run to concentrate their efforts on attracting international partners to major projects and on selling stock in other [enterprises]. Those strategies achieved a degree of success in 1993, but a number of countries faced the problem of raising enough domestic capital to equal the amounts obtained from foreign sources for the implementation of new development projects.

The Corporation said it was regrettable that Arab capital markets were lagging in development and that they did not become operational at the right time, especially that such markets will be an important source of minimum low-risk capital. It added that, although incomplete or undeveloped at present, many Arab capital markets did well in 1993, renewing confidence in the direction of local and regional economies amid expectations of future expansion.

The report revealed that, thanks to government-imposed financial controls, the Arab financial sector also enjoyed the benefit of expanding local economies due to several factors including low demand on that sector by public-sector enterprises. There was more freedom in a large number of countries in setting interest rates for deposits and loans. A reduction in interest rate controls was necessary to guarantee continued availability to the private sector of the additional funds offered by banks and others' financial institutions. But the aforementioned facilities were accompanied by extremely strict controls on banks concerning risk measurements in order to guarantee their compliance with international standards and to bolster the competitive positions of domestic institutions.

The report pointed out that the financial sectors in a number of countries have undergone changes introduced by radical reform programs, some of which have been in effect for years while the others were only recently introduced with support from the Privatization Fund, whose programs received a new push in 1993.

The agricultural sector, which has also benefitted from reform programs in recent years, remains a function of meteorological conditions. It managed adequate production in most of the Arab states, even though rainfall in certain areas was below their requirements. That sector's output, however, was not sufficient to change their agricultural trade deficits.

In order to lessen dependence on the weather, huge investments were necessarily maintained in irrigation and damming projects with support from regional and multi-national institutions. The tourism sector settled back in 1993 after sharp expansion in 1992.

The report added that conditions in certain Arab states remain desperate, having shown no sign of improvement year after year. Those countries, lacking any noteworthy developments in 1993, continued to be recipients of Arab and international aid in order to keep them from further deterioration. Aid tied to projects or to trade

with the rest of Arab countries, especially from individual Arab states and from development funds, was an important component of the investment programs implemented by those nations in 1993; as was the case with similar aid extended since the late 1970s.

Arab Unemployment Seen as 'Crisis' at 14%

94AF0076A Cairo AKHIR SA'AH in Arabic
2 Feb 94 p 15

[Text] Bakr Mahmud Rasul, general manager of the Arab Labor Organization, warned of a threatening unemployment crisis in the Arab world. He said that the [unemployment] rate rose to 14 percent last year and that there are 10 million unemployed workers, mostly in densely populated countries such as Egypt, Sudan, Morocco, and Algeria, but also in sparsely populated states such as Jordan. He further warned that the oil producers, even though they are sparsely populated, are also threatened by [unemployment] because of numerous programs for Asian immigrants and migrant workers. Bakr Rasul added that unemployment is most rampant among degreed recent entrants into the labor market, and said: "Some 2.5 million [workers] enter the Arab labor force annually with no chance of providing them with employment opportunities."

He said that economic reform programs in the Arab world may help correct the imbalances in domestic and external general balances and reduce the burden of debt, but they do not address unemployment.

Bakr Rasul pointed out that there are short, medium, and long-term solutions to unemployment problems and that the latter would depend on the success of existing economic reform programs and on making progress toward Arab cooperation based on mutual and entwined interests. He added that such Arab cooperation should be calculated, comprehensive, and rewarding to all parties, since it would also contribute to the success of reform programs that depend on export policies, broad market economies, expanded competition, and successful technological assimilation. He said that the Arab employment strategy, approved by the Arab states at last April's meeting of labor ministers, could be the means to resolve the unemployment crisis.

On the Organization's contributions to the success of the self-rule experiment in Gaza, Bakr Rasul said that "the Arab Labor Organization held an educational symposium last month for some 50 Palestinian union and labor leaders from the occupied territories. The meeting touched on all aspects of labor such as legislation, as well as laws and regulations dealing with social security,

health security, shop safety, the work environment, labor unions and their role, labor education, and the right to organize. The forum also touched on the Palestinian economy and its components, unemployment in Palestine and how to deal with it, and the impetus for the Palestinian labor force and ways of stimulating it." He added that the meeting was worthwhile in that it enables Palestinian labor leaders to carry out their future responsibilities and help build the Palestinian state.

He said that the Arab Labor Organization's plan for 1994/95 involves programmed activities as an initial step to benefit the parties to production in Palestine. He said that the Organization's specialized experts drafted a Palestinian labor law, which was submitted to Palestinian authorities for their review and comments before the Organization puts it in its final form.

Bakr Mahmud Rasul criticized the extent of Arab commitment to joint Arab labor agreements and said that "since its inception and until its last meeting in Amman last year, the Organization has been able to reach and ratify 14 Arab labor agreements dealing with such issues as transport of Arab labor, protection for women and minors, vocational training, labor culture, union freedoms, guarantees, and social security. Even though all these agreements underwent lengthy procedures, and even though they were passed unanimously with no reservations by any party, the rate of approval that would commit a state to an agreement remains low. Some Arab countries have ratified no Arab labor agreement at all. Other countries, even though they are founding members of the Organization, have ratified only one or two agreements. A third group of countries ratified the agreements, but took positions that proved contradictory to their provisions. He added that commitment to the agreements is a matter of moral, cultural, and national obligation.

Bakr Rasul said that the agenda of the upcoming Cairo session to be held early next April, involves discussion of the secretary general's report, in which he debates the subject of small industries and traditional crafts. This matter is of special interest because it is closely linked to the social and economic changes taking place in most of the Arab states as a result of economic restructuring that impacts employment and the war on unemployment as well as the optimum utilization of natural, technical, and human resources. Another important item on the upcoming meeting's agenda deals with economic reform programs and restructuring and their impact on labor issues.

The agenda also includes items on union freedoms and rights in the Arab nations and the ratification of the Arab plan of action at the 81st session of the International Labor Congress scheduled for Geneva next June.

ALGERIA

Benhadj, Madani Reportedly Transferred

94AF0093D Algiers LIBERTE in French
20 Jan 94 pp 1, 24

[Article by D. Ferhat: "Sent to the Tizi Ouzou Prison Last July, Benhadj Is Transferred to the Blida Military Prison"—first paragraph is LIBERTE introduction]

[Text] After spending six months at the Tizi Ouzou prison, the FIS [Islamic Salvation Front] number-two, Ali Benhadj, was returned to the Blida military prison.

He was sent to Blida prior to his trial in July 1992 and kept there for a while afterward, we learned from reliable sources. However, no information could be obtained as to the reasons of the transfer, which took place this week, a few days before the opening of the "National Dialogue Commission [NDC] Conference." Could there be a connection between this transfer and contacts with FIS leaders, announced and held in secrecy by the NDC? There is no indication that this is the case. But his return to the Blida military prison will enable Benhadj to join the other FIS leaders who were sentenced at the same time as he was: Kamel Guemazi, Ali Djeddi, Abdelkader Boukhamkham, Abdelkader Omar, and Nourredine Chigara.

As for Abassi Madani, according to indiscretions echoed in the press, he would be placed in an Algiers suburban residence.

Apart from that, we do not know if Benhadj's transfer has anything to do with his hunger strike of last December. This hunger strike, which was never officially acknowledged or denied, was announced by Rabah Kebir from Bonn, where he had taken refuge, in a press communique published by foreign press agencies.

The communique indicated that Benhadj wanted to protest "various measures taken against him," in particular "his transfer to the Tizi Ouzou prison where he was kept alone in a cell and no longer allowed to have visitors." We were unable to obtain the slightest information concerning the conditions under which the FIS number-two is held in prison. Concerning visits, however, we recall that Hachemi Sahnouni stated that he had paid a visit to Mr. Benhadj last 17 October.

On the other hand, his lawyers complained of some restrictions in this respect. But it would seem that these restrictions were motivated by the fact that Benhadj's defense lawyers were relaying his messages to the outside.

Our readers will also remember that one of his previous lawyers, Maitre Brahim Taouti, who had done just that, was sentenced to three years' imprisonment by the Algiers Special Court last May. Maitre Taouti had smuggled out of the Blida military prison a document signed by Benhadj, in which the latter called for the death of civilian personalities, in particular Mr. Hafid Senhadri, a CNSA [National Committee for the Safeguarding of

Algeria] founding member who was assassinated last March. In connection with that case, Benhadj was also supposed to be tried by a special court. But his trial, the date of which was never made public officially, has not taken place yet.

Republican Islamic Rally Created

94AF0093C Algiers LIBERTE in French 22 Jan 94 p 2

[Article by B. Nazim: "Ulemas and Duat Conference; Creation of the Republican Islamic Rally (RIR)"—first paragraph is LIBERTE introduction]

[Text] "To end 'itna' and bloodshed among Algerians."

The participants who took turns speaking at the ulemas conference focused their speeches on this slogan.

Called last Thursday at the Harcha auditorium by seven Islamic personalities, including Mr. Mahfoud Nahnah, the ulemas conference brought together several hundreds of people, in particular Algerian and foreign Islamic leaders. The participants took this opportunity to express their outrage at "the fratricidal fight among Algerians, assassination and threats against intellectuals, the worsening of the political situation, economic failure, and the rise of political and religious violence."

This situation prompted the ulemas to denounce "in righteous words, whatever is counter to divine order, with no fear of either the governing or the governed."

In this respect, the meeting gave the organizers an opportunity to announce the forthcoming creation of a Republican Islamic Rally, the TADJ [RIR].

It would be a nonpartisan movement including all the ulemas and all the Algerians who might feel concerned by the appeal, even armed groups "provided they put down their weapons," Mr. Nahnah indicated.

"We want the TADJ to bring together all the ulemas, the preachers, the Islamic Salvation Front [FIS], whether dissolved or not, En-Nahda [Awakening], the El Oumma (editor's note: league headed by Benyoucef Benkhedda), etc.

"All upright nationalists and all the Algerians who want to bar the way to those who cause trouble and divisions," he added.

At the close of the conference, Sheik Abou-Djara Soltani, professor at the Constantine Islamic University and conference spokesman, made it a point to clarify some issues raised by the organization of such a meeting.

Answering a question concerning the similarity [of the RIR] with Mr. Said Sadi's MPR [Movement for the Republic], Mr. Soltani bluntly stated that the RIR does not aspire "to any complementarity or normalization between Islamism and secularism"; the speaker even went so far as to state that the movement he is calling for "would oppose the MPR."

To those who wonder whether the time was well chosen to hold such a conference and create the RIR, Mr. Soltani said that the RIR does not claim to be a political formation and "has no ambition to take a direct part in the National Conference," although he did not rule out

the possibility that the RIR might act as a mediator between the FIS and the government, should it be asked to do so.

In answering all these questions, Mr. Soltani insisted on the nonpartisan nature of his movement which, he said, will strive to fulfill the function which was initially assigned to the Dawla Islamiya [Islamic State] league but which the league could not fulfill "for reasons beyond its control or reasons of its own." At the end of his conference, Mr. Soltani announced a forthcoming RIR conference designed to examine questions concerning its organization and operation, and the eventual creation of a forum for reconciliation and the settlement of conflicts.

Projected Consumer Needs Detailed

94AF0093A Algiers EL WATAN in French 8 Feb 94 p 4

[Unattributed article: "Food Supplies: What Will Algerians Consume in 1994?"—first paragraph is EL WATAN introduction]

[Text] According to Ministry of Trade estimates, 1994 consumer needs for wheat, wheat products, and legumes should exceed 12 million tons, whereas projected supplies will add up to only 8 million tons, pending the signature of new supply contracts.

Durum wheat needs should amount to 3.48 million tons, including 540,000 to constitute safety stocks. The projected offer is 1.55 million tons—enough for six months; it includes 700,000 tons from domestic production and 550,000 tons imported.

On 1 January 1994, stocks amounted to 300,000 tons.

Consumer needs for soft wheat represent 2.1 million tons, including 300,000 tons for safety stocks. The projected offer is 1.175 million tons, including 300,000 tons from domestic production and 475,000 tons imported—enough for 6.6 months.

Semolina needs are said to amount to 2.604 million tons, including 104,000 tons for safety stocks. The projected offer is 2.535 million tons, enough for 12 months. Domestic production accounts for 2 million tons and imports for 520,000 tons, while stocks on 1 January amounted to 15,000 tons.

For flour, needs are estimated at 1.77 million tons, including 70,000 tons for safety stocks, whereas the projected offer is 1.618 million tons. This quantity, which is enough for 11.5 months, represents 1.25 million tons from domestic production and 338,000 tons imported; on 1 January, safety stocks amounted to 30,000 tons.

As far as legumes are concerned, 52,000 tons of lentils should be required, including 8,000 for safety stocks. The offer is estimated at 22,000 tons, i.e., 20,000 tons imported and 2,000 tons from safety stocks on 1 January 1994.

For beans, needs should amount to 52,000 tons, including 8,000 tons for safety stocks, and the offer will amount to 15,300 tons (2.5 months)—12,600 tons imported and 2,700 from safety stocks as of January 1994.

Infant formula needs are estimated at 19,600 tons, including 2,800 tons to constitute safety stocks; the offer is projected at 10,140 tons—enough for 7.3 months—including 5,950 tons from imports and 4,230 tons from safety stocks.

Infant flour needs are estimated at 4,200 tons, including 800 tons of safety stocks, whereas the offer will be 2,590 tons (enough for 8.6 months), including 1,800 tons imported.

Powdered milk needs should amount to 119,000 tons, including 17,000 tons for safety stocks. As for the offer, it is projected at 61,620 tons—enough for 7.4 months—including 56,330 tons imported.

Green coffee needs should amount to 133,000 tons, including 17,000 tons for safety stocks; the projected offer is 63,000 tons, including 52,770 tons from imports. White sugar needs will amount to 988,000 tons, including 140,000 tons representing safety stocks, whereas the projected offer amounts to 755,000 tons, including 529,000 tons imported and 200,000 tons from domestic production. This quantity should be enough for 10 months and 20 days.

Refined oil needs are estimated at 420,000 tons, including 60,000 tons for safety stocks. For butter, 18,000 tons will be needed, safety stocks not included, whereas the projected offer is 11,000 tons, including 3,000 tons imported and 8,000 tons produced locally.

For raw materials, unrefined oil requirements are estimated at 407,000 tons, including 32,000 tons for safety stocks, whereas the projected offer amounts to 68,000 tons, including 56,100 tons imported and 12,000 tons from stocks (on 1 January 1994). This quantity is enough for two months.

Dry milk needs amount to 165,550 tons, including 23,500 tons for safety stocks, and the projected offer is 73,500 tons, including 43,000 tons imported—enough for six months.

For fats, needs are estimated at 53,700 tons, including 7,700 tons for safety stocks, whereas the offer is reported to be 27,100 tons, including 7,000 tons imported, which would be enough for six months, 21 days.

According to the same source, the import program for which contracts still remain to be signed will amount to \$1.493 billion. (APS)

Tamanrasset: Drop in Smuggled Goods

94AF0093B Algiers EL WATAN in French
27 Jan 94 p 5

[Unattributed article: "Tamanrasset: The Fight Against Smuggling Bears Fruit"—first paragraph is EL WATAN introduction]

[Text] (APS)—Several types of items, the importation of which is illegal, and other staples intended for fraudulent exportation, worth over 6.3 billion centimes (fines included) were seized by the Tamanrasset regional customs directorate during 1993.

According to the report published recently by the customs authorities, seized imports consisted essentially of Marlboro-brand cigarettes, fabrics, cosmetics, and automotive spare parts. The products intended for export consisted of Lahda-brand milk and infant formula, sugar, semolina, pasta, household soap, table oil, and fuel.

In this respect, although their resources are very limited, the customs were able to recover in 1993 large quantities of price-supported staples that would have been fraudulently exported to neighboring countries (Mali and Niger). They included, among other things, 10,888 cartons of Lahda milk and infant formula, 25 tons of pasta, 26 tons of semolina and flour, 3.5 tons of sugar, 5,018 cakes of household soap, 2,700 liters of table oil, 1.5 tons of rice, and 1,970 liters of gasoline.

In addition, 222,450 packs of Marlboro cigarettes, 12,068 meters of fabric, 16,450 cosmetic items, 1,855 automotive spare parts, and 20,000 electric bulbs, which were smuggled into the country to be sold on the domestic market, were seized in border zones. As a result of the seizure of these goods, 527 cases were investigated by the judicial authorities, the report indicated. However, according to the Tamanrasset regional director, Mr. Abdelkader Atmouni, 1993 saw a marked decrease in the volume of seized goods and the number of cases, compared with 1992.

This is because of increased crime and insecurity in the region, which deterred smugglers, in addition to the closing of the border with Niger, he said. In this context, we should also mention a considerable decrease in population movements through border posts.

Thus, there were 3,431 exits and 2,556 entries through the border posts of In-Guezzam and Tin-Zaouatine. These travelers are essentially inhabitants of border regions.

As far as barter is concerned, the Tamanrasset customs authorities noted a marked increase in trade among Algerians, Malians, and Nigeriens. They thus reported that over 5.7 billion centimes' worth of goods were imported from Niger and Mali, while 4.2 billion centimes' worth of Algerian goods were exported to these countries.

These figures denote a rather strong export/import imbalance which, according to customs authorities, is due to the unavailability of Algerian products for export,

especially those that are in very great demand in neighboring countries, such as plastic items and blankets (the exportation of which is authorized).

We should stress that, since its creation last May, the new Algerian customs general directorate has undertaken another territorial reorganization. As a result, the Tamanrasset customs regional directorate now consists of three district inspectorates (Tamanrasset, In-Guezzam, and Bordj Babji-Mokhtar).

The latter two were promoted to inspectorates. In addition, following the last visit of the Algerian customs general director to border posts in the Algerian far south, measures were taken to redeploy customs personnel, appreciably improve agents' working and living conditions, and provide more material resources. The objective was to make it possible to bring smuggling under control and fight fraud so as to halt the sapping of Algeria's economy.

Inflation Rates for 1993, 1994 Contrasted

94AF0093E Algiers ALGER REPUBLICAIN in French
13 Jan 94 p 2

[Article by M. M.: "1993: 20 Percent Inflation"]

[Text] The 1993 inflation rate was estimated at 20 percent. This figure was disclosed yesterday by the minister-delegate to the budget at a meeting held at the Ministry of Foreign Affairs.

Note, however, that Mr. Brahiti stressed the provisional nature of this figure. Thus, 1993 inflation was estimated on the basis of incomplete data supplied by the National Statistics Office and the National Plan Committee. This 20-percent inflation rate should be compared with the 32 percent officially reported in 1992.

As for the current year, Mr. Brahiti stated that inflation is expected to run to 25 percent. Thus, in current dinars[DA], a strong increase of the gross domestic product [GDP] is expected in 1994 (DA1,300 billion compared with DA1,089 billion in 1993), whereas in constant dinars (taking inflation into account) we have stagnation.

Still in 1994, public expenditures (DA535.3 billion) will increase by 11.1 percent, "i.e., at a rate much slower than the expected inflation." Public revenues, for their part, will amount to DA410 billion. According to the minister-delegate to the budget, the budget deficit of DA125.3 billion represents "9.6 percent of the GDP, or 3.8 percent if we exclude the business reorganization fund."

"This deficit, which is much lower than the 1993 deficit," Mr. Brahiti said, "must be assessed in relation to the State efforts, in particular for price and income support and business financial reorganization, as these efforts alone will continue to account for close to DA118 billion, i.e., 94 percent of the deficit."

Horrors of Daily Bus Transportation Described*94AF0093F Algiers LIBERTE in French 20 Jan 94 p 9*

[Article by A. Tahraoui: "Urban Transportation; Curse the Bus"—first paragraph is LIBERTE introduction]

[Text] Taking a bus in Algiers these days is no picnic.

The considerable number of buses placed at the disposal of citizens has not changed one whit the time-honored struggle the unfortunate Algerian must face every day. He has no choice; his professional and family life are conditioned by this ill of modern times: transportation. Well, then, to bus or not to bus? The adventure begins in the morning, on the way to work, to end only in the evening. How many of us do not have to pay their daily tribute in time, cutting down on sleep or work in order to catch a bus? How many of us do not have to put up with, or practice the "delightful" sport, which consists in elbowing one's way through the crowd to board a bus? Very few I should say. After standing about for minutes or even hours in an agony of impatience, the fateful moment finally comes, "his majesty" the bus is among us. Clear the decks! Without any warning, the "holy war" starts. Pushing, shouting, cursing, shoving. Everything goes. Here, an old woman is trampled underfoot; there, another one is "attacked." You wouldn't believe your eyes or your ears. To force their way to the bus door, the shrewder ones take the offensive, launching successive "raids" interspersed with shoulder knocks that could send you flying across the street. The "peaceful" ones choose to look on, waiting for any "ceasefire." That's a mistake. Attacks follow in close succession, ending only when the bus is moving. Once inside, "hostilities" subside. Eventually, there is a truce. The heat inside certainly helps. The bus is crammed full. It takes luck to find a seat, or even standing room in a less crowded corner, away from nauseating odors. A deathly hush prevails, interrupted now and then by the conductor, cursing this or that. Whew! Finally, we reach the terminal and our anxiety is relieved. We fight to get out as we fought to get in...rushing to freedom. The honorable ETUSA [the urban transportation board] must be thinking of a nuisance bonus, plus a medal of valor for anyone who does not crack up in these accursed buses.

EGYPT**Al-Azhar Scholar Urges Islamic Groups To Abandon Violence***NC1002190994 Cairo MENA in Arabic
1620 GMT 10 Feb 94*

[Text] Cairo, 10 Feb (MENA)—Shaykh Hasan al-Hallawi, an al-Azhar scholar, has confirmed that issuing death threats and killing peaceful citizens and innocent foreigners are matters not approved by Islamic law but are a distortion of jurisprudence and religion and a wrong interpretation of the Shar'iah.

On behalf of detained Islamic Action leaders, he issued an appeal today to youths of the Islamic Groups [al-jama'at al-islamiyah] urging them to make the month of Ramadan a starting point for discarding violence and aggression and for opening a constructive dialogue because it is the course accepted by wise people, because there is an atmosphere of freedom, justice, and security, and because the side that is afraid of dialogue has a weak argument.

Concluding his appeal to the Islamic Groups youths, Shaykh al-Hallawi said: Fear God, abandon this sedition, and listen to the counsel of the trustworthy scholars.

Tourism Minister on 1993 Losses, Plans for 1994*94AF0070A Cairo AL-AHRAM AL-IQTISADI in Arabic
10 Jan 94 pp 26, 27*

[Interview with Dr. Mamduh Ahmad al-Biltaji, minister of tourism and civil aviation by Sa'id Shilsh; place and date not given]

[Excerpts] [Passage omitted] Dr. al-Biltaji explains the tourism crisis, his view of privatization in the tourism sector, the effect of terrorist incidents on investment in tourism, the new tourism promotion plan, and the way to encourage Egyptian tourism.

With the mentality of a PhD-level economist and a businessman who served as an information attache and the head of the Information Authority for 16 years during which he circled the globe, and with the objectivity for which he is known, Dr. al-Biltaji granted the following interview regarding tourism and tourism plans as we enter the new year.

[Shilsh] What is the total extent of the losses suffered by Egypt due to terrorism incidents?

[Al-Biltaji] Terrorist incidents have deepened the tourism crisis in Egypt. The number of tourists dropped from 3.2 million in 1992 to 2.2 million in 1993. The number of tourism nights fell from 20.5 million in 1992 to 13.7 million in 1993. Tourism revenues fell from \$2.3 billion in 1992 to \$1.1 billion in 1993.

[Shilsh] The tourism sector is now being privatized. What is your view on this subject and the extent of its effect on Egyptian tourism?

[Al-Biltaji] I believe that the policy of encouraging the private sector is a successful policy, and I intend to reinforce it. However, I believe that any sales must be subject to market mechanisms. I do not agree with the sale of all of the hotels at one time, because such a sale would be incompatible with market mechanisms. The sale must be subject to market mechanisms. This requires expansion of the ownership base and avoidance of a glut, because a glut would result in unrealistic

development. Most countries that have attempted privatization began gradually, because flooding the market is not a sound policy.

[Shilsh] President Mubarak has recently devoted great attention to the tourism problem. He went personally to tourism areas following terrorist incidents against tourists that occurred in early 1993. What place does the tourism problem occupy in President Mubarak's mind?

[Al-Biltaji] Tourism is a major concern of President Mubarak. His going to the tourism areas gave a big boost to investors and employees in the tourism sector. Republic Decree No. 445 of 1991, which pertains to support of tourist attractions and the Tourism Development Authority, has had a major effect in boosting investment activity in tourist areas.

[Shilsh] Have the recent terrorist incidents affected tourist investment activity?

[Al-Biltaji] Some effect has undoubtedly occurred. However, investments have begun to return. The amount spent on investments in the tourist sector from 1981 to 1991 totalled 6.4 billion Egyptian pounds, of which the private sector accounted for 89 percent and Egyptian investments accounted for 54 percent.

The facilities provided by the state to investors have played a major role in encouraging investment activity, because investment in the tourist sector yields a quick return and enjoys a large number of tax exemptions.

[Shilsh] Some believe that the tourism crisis entails many factors, not just terrorist incidents and the Gulf war. What is your opinion?

[Al-Biltaji] I believe that the tourism crisis is structural and goes back to before the Gulf crisis and the terrorist incidents. The tourism crisis is structural. It is not a temporary disruption. What is happening is that the volume of tourism to Egypt is very low. It reached a peak in 1992, but Egypt's tourism revenues nonetheless reached the peak of despair. This volume (3.2 million tourists) represents only 0.64 percent of the volume of world tourism. I attribute this to the fact that the collective consciousness, investors, the private sector, and the media—because of its legacy—have not realized the importance of tourism as a new industry. Also, while the supply has increased, demand has not increased, because we have not applied the principles of sound promotion, as other countries are doing. How much do you imagine the countries of the world allocate to promote tourism? They spent from 1 to 2 percent of all tourism revenue for this purpose. We in Egypt have spent only \$3 million, even though our income from tourism was \$2.3 billion according to Central Bank estimates. If we subtract the time of the crisis and take 2 percent of tourism revenues as an average allocation, we should have spent \$23 million on promotion. If we look at what other countries have allocated for promotion, we find the following: Morocco, \$21.3 million annually;

Turkey, \$27.5 million; Greece, \$15 million; Cyprus, \$7.3 million; and France, 71.8 million.

[Shilsh] What then is the solution? How can you come up with the sums needed to promote tourism?

[Al-Biltaji] The solution is through the private tourism sector, the public treasury, and the Tourism Fund.

[Shilsh] Marketing requires a strong plan to yield rapid results.

[Al-Biltaji] A plan exists. It consists of invitations to visit Egypt, which have been extended to the key travel organizations, tourism companies, and the tourism trade media, as well as extensive public relations, because our problem is a lack of information.

[Shilsh] Who is managing the marketing campaign?

[Al-Biltaji] Let us begin with the traditional management, namely the 16 tourism promotion offices. We are now preparing a new plan to restructure these offices and to establish new offices near tourist attractions. The private sector also has a responsibility for making promotional efforts, and public relations firms should contract directly with foreign producers of information resources. [passage omitted]

[Shilsh] As 1994 begins, what is your view of the development of the tourism promotion program and the promotion of Egyptian tourism?

[Al-Biltaji] Our efforts consist of: promotional activity abroad based on a carefully thought-out professional plan to increase the demand for Egyptian tourism; the pursuit of an integrated tourism investment and development policy designed to increase the supply consistent with aspirations regarding a tourism revival in the future; the diversification of the Egyptian tourism product by arranging a series of regularly recurring cultural, musical, religious, archeological events throughout Egypt's key tourism governorates; efforts to promote these events as additional attractions; and the mounting of an intensive campaign to enhance domestic awareness of the importance of tourism as a source of jobs and income for the millions of Egyptians working in sectors related to tourism directly or indirectly.

[Shilsh] What can be added to current tourism promotion techniques and efforts?

[Al-Biltaji] Much can be added. For example, the creation of a calendar of annual festivals on the anniversaries of archeological finds of international interest, held at the site of the find; the creation of a calendar of musical festivals organized for tourism purposes; the creation of a calendar of different religious events; the creation of a calendar of athletic competitions, such as hunting competitions, car races, and yacht races; the organization of an international festival of Pharaonic sports; an allocation for important artistic and cultural sites and events held over the course of the year; an allocation for exhibitions of Egyptian agricultural and

industrial products; an attempt to establish the dates of these exhibitions and to expand their scope so that they become an added tourist attraction; the organization of a yearly crafts fair in Egypt; the organization of a celebration of folk arts, perhaps at tourist sites in Upper Egypt, during which festivals of Egyptian folk songs, music, and dress would be held.

ISRAEL

Iran, Moscow, London Within F-15I Range

94AA0039B Tel Aviv HA'ARETZ in Hebrew
1 Feb 94 p B1

[Article by Yo'el Marcus]

[Text] This is the first time that a government's military procurement decision has been accompanied by such open publicity about specific targets and objectives. Reports about the selection of the F-15I made banner headlines in most of the Israeli media as "the plane that can fly to Iran and back without refueling." If they had just wanted to tout the virtues of the plane and justify its astronomical price (more than \$100 million per aircraft), they could have noted that it has the range to reach London and Moscow. Most likely, however, neither the British nor the Russians would have appreciated Israel's pointed gesture.

All the more so, indications that Iran is the target of the F-15I are neither unappreciated nor taken as a joke in Tehran. If I were Iran's chief of staff, I would see the headlines coming out of Israel, and the fact that they emanate from Israel's top brass, as a serious military threat. The ability of the F-15 to reach Iran without refueling reduces the value of continuous operations there. So, if I were the Iranian chief of staff, I would pay attention to the timing of the publication of a book on Israel's nuclear might and conclude that these planes are intended for nothing other than to be the means of delivering nuclear weapons. This threat, which we have gone to such lengths to make public, provides Iran a legitimate reason for taking drastic "defensive measures" and arming itself with a deterrent. Is that what was intended when we specified the target?

Israel this week named Iran as our foremost enemy in the future. The troubling question is, how do we reach such fateful decisions? Who decides, and how and where is it decided, who is Israel's future enemy? Did the general staff come to this decision after probing discussion? I doubt that. Indeed, both the chief of staff and the chief of Army Intelligence last year refused to identify Iran as the enemy. Did the government sit in one of its famous marathon sessions and decide that it needs to prepare for war against Iran? To the best of my information, no real decision of that nature was made. So who has decided who the enemy is?

Yitzhaq Rabin's initial comments regarding Iran were made in the Knesset on 20 January 1993, in answer to a

question posed by Knesset member Efra'im Sheh. Rabin said then that: "We are following with concern Iran's nuclear activities and its attempts to develop a long-range ground-to-ground missile." The practical conclusion he expressed then was that: "We must speed up the peace process and create an international system that provides an answer to the Iranian threat."

Over the past year, Rabin frequently has stated his concern about the Iranian threat. The administration's decision to make the advanced technologies of the F-15 available to Israel surely comes from Clinton's appreciation of Israel's fears about Iran.

Sneh, who has led in sounding the alarm against the Iranian threat, both in Israel and in mobilizing world public opinion, does not believe that 20 F-15I aircraft are the answer to the Khomeyni ideology. In fact, we have not yet found a military answer to the danger of what Rabin has called "Khomeynism without Khomeyni." The only thing we have done, not without a little success, has been to arouse international attention and to point out that a missile that can reach Israel also can reach Riyadh, Tokyo and New Delhi, a fact that explains American pressure on North Korea not to sell long-range missiles to Iran.

Iran potentially is a future strategic threat to Israel. As a matter of priorities, however, Israel does not head Iran's list of strategic targets. Iran is working at this stage on three tracks: 1) systematic exploitation of oil exports; 2) undermining the current Arab regimes—Egypt, Lebanon, Iraq, Algeria, Saudi Arabia, and Jordan and, of course, subordination of the Palestinian entity through Hamas; and 3) the final goal, which is to marshal the 900 million Muslims of the world into its service under a single theological roof.

In the long term, if Iran realizes its dream of building a Khomeynian empire in all the Muslim nations, from Algeria to Turkmenistan, Israel would have good reason for concern. But by identifying it now as an enemy target, we force Iran to move Israel to the top of its list of objectives. By making clear that we are receiving "an airplane that can reach Iran and return without refueling," we are showing off more than we are showing wisdom.

Schiff on Recognition of Israel as 'Nuclear State'

94AA0039D Tel Aviv HA'ARETZ in Hebrew
7 Feb 94 pp 1,8

[Article by Ze'ev Schiff]

[Text] Three Americans, including Admiral William Crowe, a former chairman of the Joint Chiefs of Staff who now serves as unofficial adviser to President Clinton, and McGeorge Bundy, former national security adviser to two presidents, are calling for recognition of Israel, India, and Pakistan as nuclear states if they agree to announce that they possess nuclear weapons. According to the proposal's proponents, such an

announcement would enable the three states to be more moderate, less threatening and more careful in the future.

This proposal appears in a book published by the Foreign Relations Council and authored by Admiral Crowe, Bundy, and a physicist, Cindy Drill. The book, which deals with lowering nuclear threats, contains a chapter on Israel, India, and Pakistan. This is the first time that such a proposal has been made in print by people with their background in security. Although they do not hold official position in the Clinton Administration, the three, and especially Crowe, are close to the government's highest levels.

The authors state that such recognition would require amendment of the international agreement on nonproliferation of nuclear weapons so the three states can become parties to it. Israel, Pakistan, and India are not signatories to the nonproliferation treaty, which identifies as nuclear states only those countries that conducted atomic testing before 1967. The treaty is scheduled to be updated, apparently by amendment, in 1995.

In addressing this issue, the authors state that Israel, India, and Pakistan are, in effect, "undeclared nuclear states," and contend that Israel definitely possesses sizable holdings of nuclear warheads. By their estimate, India possesses the know-how and materials required for rapid production of nuclear warheads whenever it wants. Pakistan's situation resembles India's, although at a lower level. The authors believe that when neighboring states contend that these three are nuclear nations, the charge is true.

Israel is said to engage in a deceptive and hypocritical nuclear policy. According to the authors, Israel argues that secrecy causes its neighbors less worry, but it also does not want to worry its friends, particularly the United States, by stating that it has nuclear weapons. This position has increasingly led to difficulties, so that many reject it as absurd and even aggressive.

The authors believe that the three nations are hurt politically by their claim that they do not possess nuclear weapons and that each of them is paying a heavy political price for it. Israel, as a result, finds it difficult to explain that its neighbors have nothing to fear from its nuclear weapons unless they seek to destroy her. The authors state that in the current situation, in which people shut their eyes to Israel's nuclear arsenal, talks on limiting nuclear weapons in the Middle East are meaningless.

In the authors' view, Israel, India, and Pakistan desired nuclear weapons for compelling defensive reasons, whether to deter enemies or to repel major invasions of their lands. One can debate the gravity of this threat, but their neighbors must consider that each of the three, and each one on the way, sees nuclear arms as defensive weapons. The fact that the three nations guard their nuclear weapons in secrecy indicates a degree of moderation. It is certainly true that the nuclear arms in their

possession do not represent a threat of aggression. If they now reveal openness, it will be possible to deal with them in a realistic way rather than as though they do not exist. Like the five big nuclear states, India, Israel and Pakistan will be able to display a large measure of moderation.

As for Israel, the authors say that if the United States were to announce that it regards Israel as nuclear state, that would place the situation in a realistic light and undoubtedly make it easier for Israel to tell the truth. The problem is that governments do not like it when other nations give away their secrets, and certainly not nuclear ones. Thus, the best way out of the thicket, in their opinion, would be an independent Israeli decision to declare that it has nuclear weapons.

Official Israeli sources queried about the proposal said that although it has some interesting and positive features, it clearly is also fraught with possibilities for enormous political complications.

Analysis of Aircraft Industry Reform Program

94AA0039C Tel Aviv HATZOFI in Hebrew
24 Jan 94 p 2

[Article by Hayim Fiqarsh]

[Text] With each side seeking to impose its position, management and the employees of Israeli Aircraft Industries [IAI] have quarreled for months on end over how to carry out the recovery plan. Founds of talks between the sides have been accompanied by angry demonstrations by workers and, at times, by outbreaks of violence in which employees vented their rage on factory machinery and management offices. The moment of truth, however, has arrived—and IAI's recovery plan, which was submitted yesterday for the government's approval, is going into effect.

In practical terms, the plan means dismissal of 2,900 workers at a cost to the government of more than \$400 million. The workers' committees, as well as the Histadrut, have now given their consent to the plan, a "verdict" that some of those subject to dismissal do not accept. Not in vain did candidates for layoffs recently hold a number of demonstrations against members of the committees, but it seems that everyone has become reconciled to the need for dismissals to give IAI's recovery plan a chance.

The recovery plan was hammered out jointly by the government, IAI's management, the Histadrut, and the workers themselves. It went into effect with the Histadrut's signing of the agreement last weekend. The key clauses of the plan provide for worker layoffs with limited compensation to be paid by Mavtakhim, the Histadrut's insurance company.

As if the sweeping dismissals were not enough, the workers have stated their willingness to take pay cuts of 15 percent by giving up the salary raises and cost of living increases that every Israeli employee is to receive

this year. Another clause, which is considered essential to the recovery plan, grants IAI's management greater authority to transfer workers according to production needs among the various factories as they arise. This employee transfer clause was one of the main sticking points during the contacts and negotiations between the sides.

People are now wondering whether the plan will save Israel's aircraft industry or give it some breathing room in the continuing world crisis that is putting red ink on the account books of most of the world's aircraft corporations. The threat presented by the crisis still hangs over IAI's skies. The industry's good times lie in the past; those days, when more than 24,000 workers were employed, will not return. The workers, too, know that; that is why they are willing to give up some of their take-home pay. More than a few of the workers who were destined to receive pink slips have already left the country, many of settling in South Africa or America's Silicon Valley. Others, who still have years to go before they can leave on pension, have taken early retirement on the promise of modest compensation. Yet there exists among the workers laid-off a segment that does not want to accept the judgment; it is a good bet that the "workshop quiet" will be shattered. As a general matter, however, the recovery plan for this major industry is becoming a concrete fact on the hope that IAI will learn to get back on its feet, and even open its doors to new markets, or adopt modern work techniques with new market shares both here and abroad.

The success of IAI's recovery plan is of major importance for other Israeli businesses, including the military industry, that have sunk into crisis. As the upheaval in them persists, more than a few of those leading the fight for employees seek to rely on facets of IAI's recovery plan. Even so, the government has poured in more than 800 million shekels in recent months, to make possible the dismissals of close to 2,500 workers even within such a framework. Now it is arranging for the release of still another 300 workers and even the shutdown of an additional two or three "unprofitable" installations.

There is concern at military plants, too, over an unclear future. In the past, Israel could take real pride in its military factories, which employed more than 18,000 workers; today, that number is estimated at just 5,000. The military recovery plan also included testing production lines for the civilian market as well as shifting plants in the center of the country to regions of the Negev. That idea made sense, because the explosions occurring in those installations endangered residential areas; the compensation that had to be paid for damages to homes and businesses could have sped up the transition to the Negev. Finance Minister Avraham "Beiga" Shohat now insists that these plants must not be moved because the costs involved amount to more than 300 million shekels.

Overall, production cutbacks in military plants are placing their economic future in doubt. A business such as Rafa'el, which is in a crisis, also raises grave concerns

regarding Israel's future security because of further reductions in arms production. It looks like the government will not be able to evade this problem; it will soon have to give its attention to the future of these installations, perhaps on the basis of IAI's recovery plan.

Analysis of Koor Investments, Acquisitions, Stocks

94AA0039A Tel Aviv HA'ARETZ in Hebrew
4 Feb 94 pp C1, C8

[Article by Marit Gilat]

[Text] Prizma, a new dye factory run by Koor's subsidy Makhteshim, began operation last week. Koor described the venture as part of its strategic diversification designed to broaden the company's basket of products.

Much has been said of the recovery plan, by which Koor's creditor banks have forced it to sell its controlling interest in Tambor at a price far below its current worth. Koor's renewed entry into the Israeli dye industry is intended to break Tambor's monopoly over 80 percent of the local market.

There is more than meets the eye in this script. Koor may have sold its direct interest in Tambor but it continues to hold half the shares of Mashav, which owns 24 percent of Tambor's shares. At the end of this chain, Koor has 12 percent of Tambor's shares. The opening of a rival dye company does not mesh with its interests as a part owner.

It seems reasonable to conclude that Koor was unwillingly drawn into the venture by Makhteshim even though Makhteshim's CEO is Yehuda Milo, Koor's deputy CEO.

"Koor controls lines that are fundamentally independent," a member of Koor's board of directors explained this week. "Not everything is set from above. A subsystem can identify a business opportunity in a field that runs against Koor's interests, the management team brings the proposal to the company's board of directors and the board then decides. The chairman of the board does not make the decision himself."

The dye company is just one example of a symptom inherent in Koor's strategy of diversification—its fluid assets are not within the company itself. Koor's latest financial report shows a considerable improvement in its fluidity, amounting to working capital of 724 million shekels at the end of September, 1993.

The financial reports for the first seven months of this year, however, are combined reports. Koor admits that most of its fluid assets were drained in satisfying its debts to Israeli and foreign banks.

The company's current fluid holdings are in its subsidiaries, primarily Nesher and Tadiran. The Prizma

project is proof that under current conditions, Koor does not have absolute control over its lines of investment or their nature.

On the other hand, Koor will have no difficulty finding funds to finance its diversification program on its own. Because it is not leveraged at present, it enjoys a wide field for acquiring funds. Indeed, it expects to raise close to 120 million shekels in convertible bonds, which it will use carrying out its five-year strategic plan.

Koor must expand in order to preserve its returns on capital. The high profits of 1992-1993 led to a sharp increase in its shareholder equity. Accordingly, it must expand its sources of income and, above all, diversify them.

The company's recovery plan was essentially a consolidation plan by which Koor sold dozens of concerns. The reduction brought it back to profitability but also made it highly dependent on three sources of income: Tadiran and Telrad, Nesher, and Makhteshim and Agan.

Tadiran alone accounted for one-third of Koor's profits in 1993. Along with Telrad, its dependence on the communications branch is very high.

This dependence is particularly problematic in light of Tadiran's own deep roots in Bezeq, which is suffering from steadily lower prices; it also is having difficulties making the transition from the local market to exports and from a slice of the military market to the civilian one.

Its opportunities in cellular phones also have plunged since GTE withdrew from competition. If it does not find a new partner, it too will have to drop out.

Koor's success in 1994 will depend on its success in steering Tadiran through an obstacle course. That, apparently, is the reason that Koor's CEO, Benny Ga'on, recently appointed himself chairman of Tadiran.

The goal that Koor has established for itself in the strategic plan is to reach annual sales of \$3 billion by 1997, \$1 billion from exports. The strategic plan is based on an economic survey the company made that identified two critical fields with potential—the tourist industry in peacetime and the capital market. As for tourism, Koor has announced its intention to go into four areas: hotels, car rental, travel agencies, and holiday parks. As for the stock market, Koor's managers are talking about opening or buying a brokerage house.

In fact, market analysts say, Koor has already begun making vast acquisitions. "There is practically no company trading on the market that has not passed over Koor's desk," is the way a senior figure at a competitor puts it. "As a general matter, it looks like the company is buying almost everything available, and at high prices."

Despite a superficial resemblance to the Koor of pre-recovery plan days, this is not a return to the mold that brought it down back then. In the 1980's, Koor bought

anything at hand, including highly leveraged, money-losing businesses without knowing what was going on inside them. Its motives were partly political, and the interlocking debts among the companies dragged the whole system into bankruptcy.

Today, the companies do not owe debts to one another. Each profit center is autonomous, so a loss in one company will not topple the entire house of cards. But the prices at which Koor has been making its acquisitions, critics contend, are liable to become problems in the future.

'Ami Goldene, managing director of Me'ir 'Ezra, which is competing with Koor for acquisition of Milutal, a frozen vegetables business, has assailed Koor for the high price it offered for the business. Goldene may have an ax to grind, but the capital market provides other examples. Along with Klal, Koor bought Yuli 'Ofer's holdings in Carmel Granites at market prices.

Of the acquisition of 15 percent of Arki'a, one market analyst says, a company like Koor has no reason to invest in a business without taking control of it. "You have to remember that the moment that Eilat has 6,000 hotel rooms, another carrier will be able to enter that route. Arki'a will lose its monopoly and be forced to cut fares," says the analyst.

The purchase of the Kinorot Tiberias hotel has also drawn criticism. "If Koor wants to enjoy the peace dividend, it has to build hotels rather than buy them. When you buy a hotel today, the price already reflects the expected dividend," says the analyst.

Koor is used to giving reasons in its defense. Koor's CEO, Benny Ga'on, refused to be interviewed for this article, but other company officials stressed that the best evidence of Koor's caution is the long list of companies that it contacted—and turned down. A random and unrepresentative sampling of the list includes Tempo, Sahar, Moritz-Tukhlar, Dan Rent-A-Car and Histour.

"There is a lot of noise surrounding Koor, a sense that it has a hand in everything. Koor is thought of as a company that brings financial and organizational skills. We get business offers every day," says a Koor official, "but we turn away most of them. If you look at where we have actually put our money, you see that the company has been very selective."

According to this official, once Koor achieves the goals it has set itself, it will stop the entire process. "You can expect that we will quit running after opportunities at a certain point."

With the exception—surprisingly—of Milutal, the officer completely rejects complaints about specific investments. "The deal still is not done and nothing is definite," says the official. "The frozen vegetable market is highly saturated and we have a lot of questions. It will depend on the numbers the other side shows us." As for

the other investments, adds the official, all considerations were taken into account at the time of acquisition.

"How can you say that we bought Arki'a at market prices when the deal was done the night the shares were issued? On paper, we've made 25 million shekels since the sale, a half million shekels a day," says the Koor official.

Someone else, outside the company, also rejects the criticism. "Two years ago, Koor was deep in the recovery plan and not in a position to buy anything. What IDB [Israel Discount Bank] got quietly during those two years, Koor is now doing all at once and very noisily," says the CEO of one of the economy's leading corporations.

"They said prices on the market were high two years ago, too, and it later turned out that anyone who did not buy then lost out, and big. It is true that Koor is now buying at market prices and multipliers of 25 and 30, when many companies are being sold above their value. The problem is not companies that are sold on the stock market but those not on the market. But you have to remember that even Koor itself is acquiring ever higher multipliers, so it is difficult to say definitely whether it is buying at exceptionally dear prices," says the CEO.

If one can judge by Koor's publicly traded stock, the market still has not decided. Its shares sell now for the same price they did six months ago, far below the overall share index. Some attribute that to the volume of trades that the government set in motion on the market. Others see it as a vote of no confidence in the strategic plan.

Three directors have resigned from Koor's board over the past half year. Some have tried to link the wave of departures with a feeling of uneasiness arising from developments in the company. The three members involved categorically deny that and claim that they resigned because of conflicts of interest. Accountant Ariela Zukhobitzky preferred the stock market's board of directors. Minister Shalom Shiran says that Koor's entry into the world of stock portfolios made him fearful of conflicts of interests because he serves as adviser to a number of companies in the field. "If I would had any complaints, I would have made them known," contends Shiran.

Shmu'el Rotem, of Nayar Hadera, says that he decided to resign after he was asked to serve as director on behalf of the public; there was some overlap between the operations of Argaz and those of Markavim, which is a subsidiary of Koor. Rotem cut to the heart of the matter in a single sentence: "Koor's directors and management have to guard against euphoria and keep a sense of proportion in their decisions and activities."

People close to the company today speak out more pointedly when the word "euphoria" goes around. "Some acquisitions were worth getting, some not. Some things might have been bought more cheaply," said one person close to the company.

"It is natural that a sense of euphoria has developed in Koor," says one member of the board of directors. "It is no wonder that that is happening in a company that was mired so deeply in the mud and got out thanks to good management. Undoubtedly there are people on the leadership teams who have said the same thing."

Benny Ga'on, say those close to Koor, wields almost total control over the company. Partly, that is a matter of his charismatic personality and the status he can claim as the man responsible for the company's revival. But the deeper reason is that Koor has no owners in the true sense of the word, and in the absence of owners, one member of the board explained, management becomes whatever it can.

Koor bore the yoke of the bank arrangement until a year ago. When it was freed of the arrangement, Hevrat Ha'ovdim, which now holds 37 percent of Koor's shares, was supposed to step back in and take on the role of owner. Since the collapse of the Histadrut's own companies, however, this body has been emptied of much of its substance. If Hevrat Ha'ovdim is now regaining its strength, that is due to its possession of Koor, and not the reverse. Prof. Eytan Sheshinsky, chairman of Koor's board of directors and a dominant figure in his own right, was formally appointed by Hevrat Ha'ovdim. But as an active partner in the recovery process, Sheshinsky was identified more with management than with the shareholders.

In any event, Hevrat Ha'ovdim's control over Koor is temporary. In the meantime, Bank Hapo'alim is the sole body that has exercised the options it received as part of the Koor arrangement in return for wiping out its debts. The bank has held 23.9 percent of the company's shares since August, 1993. When the other banks, foremost among them Bank Le'umi, exercise their options, Hevrat Ha'ovdim's share of Koor will drop to 22 percent and Bank Hapo'alim will become the controlling shareholder in the company.

Bank Hapo'alim already keeps real holdings to the extent permitted by law, so the Bank of Israel has instructed it to sell its interest in Koor; it is also, in any case, forbidden to be the company's largest shareholder. According to the banks' restructuring plan, however, Bank Hapo'alim will be required to sell most of its holdings in Klal, Deleq, Ampal and Dior P.B. Sources close to the bank estimate that it would prefer to sell one of its other large holdings provided that it can take control of Koor.

In any case, changes recently were made in Bank Hapo'alim to increase its involvement in Koor. Formally, the creditor banks had two representatives on Koor's directorate—Roni Feinstein and Moshe Veitman. Bank Hapo'alim, whose holdings entitle it to appoint four of Koor's board members, is now working to place two of its people on the management council. Those are Dafna Peli, secretary of Bank Hapo'alim, and Badan Yahas, who is in charge of the bank's finance and

customer services divisions. Both were involved in overseeing Koor during the recovery plan, so they know the company well.

"It is not that the board of directors has failed to do its duty, God forbid. There were a number of arguments and incidents in which the directors refused to confirm plans that management had brought. That is the same thing we have seen in Bank Le'umi and Bank Hapo'alim. In the same way, it is hard to point to anyone who gives orders to Moshe Zanbar or 'Amiram Siyon," says one member of the board.

As he sees it, Bank Hapo'alim's control of the board of directors will change the picture. "The moment that Hapo'alim becomes owner and appoints its own people, it will exercise tremendous influence in the way it sees fit. It isn't a question of caution or of someone with a better understanding of how the economy works. 'Amiram Siyon is not preferable to Benny Ga'on—they hatched from the same egg. It is a question of balance in making decisions."

[Box, p C1]

Koor's Investments

Capital Market: Established an investment company, Primavera, in partnership with Yosi Hakhmi of Hap-anex and Udi Recanati. Conducting negotiations for acquiring a brokerage house.

Tourism: Launched a subsidiary called Koor Travel Enterprises, through which it bought 15 percent of Arki'a and the Kinorot hotel. Appointed Dany Rubinstein, formerly of the Yisrotel chain, to plan its entry into the hotel industry.

Food: Expanded involvement in the industry by linking Tami to the international company GFC while reducing the share of Koor and George Factor to 49 percent. GFC produces Knorr soups, Mazola Oil, and Hellman's Mayonnaise.

Bought half interest in Hod Lavan. Conducting initial contacts over acquiring control of Milutal. At the same time, reduced its production lines, closed Nun and consolidated Etz Hazayit and Shemen.

Chemicals: Opened the Prizma dye factory.

Recycling: Established a subsidiary, Koor Recycle Works, to recycle trash and clippings.

Peace: Began preparing for the event two years ago by founding Koor Peace Enterprises, through which it carries on contacts with international and Palestinian figures for building infrastructure in the territories.

Trade: Koor Trade began its activities in the Vietnam branch. Has gone into marketing construction materials with the HGII Company.

Marketing: In partnership with the international company Metro, entered into opening Shalam Ve'sa retail food stores. Opened the Home Center chain.

Abu-Dis Land Sales to 'Ateret Kohanim Discussed

94AA0038C Tel Aviv HA'ARETZ in Hebrew
3 Feb 94 p 4

[Article by Moshe Reinfeld: "An Appeal to the High Court of Justice To Investigate the 'Tailoring' of a Tender Request for the Sale of Land in Abu Dis to 'Ateret Kohanim"]

[Text] The Peace Now movement and MK [member of Knesset] Hayyim Oron appealed yesterday to the High Court of Justice for it to order the General Custodian to cancel the tender request for the sale of 33 dunams of land in the village of Abu Dis, which is south of Jerusalem. They are asking the court to instruct the General Custodian to transfer the land to the state, and to obligate the government's legal adviser to open an investigation into serious irregularities in the procedures of the tender request.

Presiding High Court of Justice Judge Theodore Or yesterday issued a temporary injunction forbidding the carrying out of the tender request process, including a meeting that was to be held yesterday in the office of the General Custodian, until the decision of the High Court of Justice on the appeal.

The appellants argue, through attorney Dany Zeydman, that the very decision to issue the tender request is not legal, and is tainted by extreme lack of reasonableness. According to them, the decision stems from extraneous considerations of preferring the settlers in general and the 'Ateret Kohanim Yeshiva in particular, over the good of the public. The appellants argue further that even if the decision is found to be reasonable, the tender request itself is defective to the extent that it becomes a tender request in appearance only.

According to the appellants, it becomes clear from the minutes of the deliberations of the General Custodian that the regular attorney of the 'Ateret Kohanim Society, Eytan Geva, and its main contributor, Ervin Moscovitz of the United States, had already been brought into the earliest stages in the process of the decision to issue the tender request. In this manner, 'Ateret Kohanim and those close to it were given an unequal opportunity to learn about the land being offered for sale and to put together their offer accordingly.

At the critical meeting where it was decided to issue the tender request, only two days before its publication, there was discussion of an explicit proposal of 'Ateret Kohanim, and the representative of the General Custodian even recommended that the proposal be accepted.

It is also asserted that the tender request itself was issued even though the Israel Lands Administration expressed its agreement to receive the lands into state ownership.

According to the appellants, not only did the General Custodian ignore this agreement, it also issued the tender request without announcing this to the proper persons in the Administration.

A Systematic Policy

The appellants also assert that the General Custodian issued the tender request even though there are still no plans. This means that the price that will be asked for the land will be radically lower, and the proceeds from the sale will be reduced. The General Custodian issued the tender request after he himself acted to release this land for construction, but he abandoned this process while it was going on.

In this regard, the appellants note that the policy of the Israel Lands Administration is not to issue a tender request for land that is not planned.

The appellants note that a man who was employed by 'Ateret Kohanim as an identifier of land in the territories, for the purpose of purchasing it, is now employed in a similar position in the office of the General Custodian. They emphasize that the tender request for the land in Abu Dis was published in only one newspaper, in contradiction to the instructions of the law, and with an extremely short period for submitting bids.

According to the appellants, such acts are actually another link in the systematic policy of the General Custodian to earmark in advance and illegally monies and land to settler societies in East Jerusalem, as a committee headed by Ministry of Justice Director-General Hayyim Klugman, which examined the subject, has already described.

The appellants believe their suspicions were reinforced by an "appraisal" that was made of the value of the land in Abu Dis. A minimum price of only approximately \$66,000 was established, which is the price a one-room apartment in Jerusalem, was established for 33 dunams.

It also appears that the General Custodian deviated from the statutes regarding tender requests for the sale of lands, to which he himself is a signatory. According to these statutes, the chairman of the tender request committee is supposed to open the envelope that contains the appraisal of the government appraiser, and to record it in the minutes, without bringing it to the knowledge of the bidders.

However, not only was the appraisal known to 'Ateret Kohanim, but it was also not from the government appraiser, rather from the staff officer for appraisals in the Civil Administration in the West Bank. And this was even though the land is located in an area where Israeli law applies, and which is not in the area in which this appraiser specializes.

LIBYA

Al-Qadhdhafi Announces Arrest of Spies

94AF0079B London AL-HAYAH in Arabic
27 Jan 94 p 4

[Article by Ashraf al-Faqi in Surt: "Al-Qadhdhafi: 'We Have Arrested Spies Working for U.S. Intelligence'"]

[Excerpts] Libyan leader Colonel Mu'ammarr al-Qadhdhafi has announced the arrest of spies in the pay of U.S. intelligence. AL-HAYAH has also learned that the Libyan General People's Conference has conducted a limited cabinet reshuffle.

The Libyan media yesterday reported al-Qadhdhafi's remarks in Benghazi, in which he said that Libya had arrested "spies" working for the U.S. Central Intelligence Agency, among them hardline Muslims, and threatened that the Libyan people would tear any "traitor" to pieces.

Al-Qadhdhafi gave no details about the identity or number of the alleged spies, but he said that they had spread false rumors to the advantage of U.S. intelligence.

"The traitors are not only the spies we seized the day before yesterday," he said, "nor only stray dogs [dissidents], but also those who had joined the Muslim Brotherhood organization."

He added that the spies were acting as part of a plan to weaken the morale of the Libyan people in facing the sanctions imposed by the United Nations, to force Libya to hand over those accused of blowing up the Pan American plane over Lockerbie.

"They [the spies] are responsible for many of the rumors we heard in the streets, on the orders of U.S. intelligence," he continued. "The rumors were fabricated and concocted for them by U.S. intelligence, who asked them to spread them among Libyan citizens to hamper the spirit of our people, and make Libyans have doubts about their revolution, to weaken them before America, Britain, and France, and make them hand over their sons. The Libyan people will chop them into pieces." [passage omitted]

Libya Prepared To Live Without Its Oil

94AF0079A London AL-HAYAH in Arabic
25 Jan 94 p 4

[Article by Ashraf al-Faqi, in Surt: "Foreign Minister 'Umar al-Muntasir: 'Proposals to End Lockerbie Crisis'"]

[Text] Mr. 'Umar al-Muntasir, the secretary of the People's Bureau for Foreign Liaison & International Cooperation—the Foreign Minister—has announced new Libyan proposals aimed at finding a solution to the Lockerbie crisis, with Western sources in Libya saying,

in a statement to AL-HAYAH, that "the crucial thing is not proposals, but Tripoli's compliance with Security Council Resolution 731."

In a press conference held yesterday in the city of Surt, al-Muntasir asked the United States, France, and Britain to help his country put an end to the Lockerbie crisis, as the result of the "severe harm" done to its economy. He expressed his consent to a trial of the suspects in the Lockerbie case, 'Abd-al-Basit al-Miqrahi and al-Amin Khalifah Fuhaymah, by Scottish judges in any third country (other than the United Kingdom or United States) agreeable to the three countries.

He accused the American administration of playing the role of bully in the Security Council. He said that it was putting pressure on all the countries, including France, and not even sparing Dr. Butrus-Ghali, secretary general of the United Nations.

He added that his country had adopted an Egyptian proposal last November that demanded the handing over of the suspects to France through the Arab-Maghreb Union, adding that France had rejected this proposal due to American pressure. "It is not just," he said, "for the Americans to reject our efforts to find a solution." He renewed his refusal to turn over the suspects to the United States or Britain, because they would then "not be able to defend themselves." He said that, if the accused were to surrender themselves voluntarily to these countries, "all they would have to do is to give their names, for them to be found guilty."

Al-Muntasir called on Germany and Italy to help Libya in its efforts to find a solution that "respects Libyan sovereignty," given that Germany is a "partner" in the Lockerbie case, as the flight of the Pan American aircraft that blew up over Scotland had begun in Frankfurt.

Al-Muntasir accused Arab governments of failing to achieve reconciliation, and demanded that their peoples find a way to conciliate, especially as "these governments wasted a basic opportunity to develop" when the price of a barrel of oil was \$40. He disclosed that his country is in the process of again reviewing its political relations with the countries of the world, "in line with [Libya's] interests and those of the Arab countries." He said that the peace talks in the Middle East were nothing but "surrender solutions."

He said, "We are awaiting the outcome of the contacts of Arab League Secretary General 'Isamat 'Abd-al-Majid regarding his initiative on [Arab] reconciliation."

Addressing President Bill Clinton's threat, two weeks ago, to issue a resolution preventing Libya from exporting its oil, he said, "We are dealing with a bully, and we must face facts. We have a vicious enemy who can do that. But Libya is prepared to live without its oil."

Central Bank Governor Addresses Money Supply

94AF0079C London AL-HAYAH in Arabic 1 Feb 94 p 4

[Article by Ashraf al-Faqi from Surt: "Libyan Central Bank Governor: 'One Third of Liquidity Is Outside Banking System'"]

[Text] Libyan Central Bank Governor Mr. 'Abd-al-Hafiz Zulaaytini has said that the volume of monetary liquidity in his country is now nearly 6 billion Libyan dinars [LD], of which 30 percent is in circulation outside the banking system.

He added, in a statement to AL-HAYAH, that Libya would take steps to attract this liquidity (partly savings) into the channels of the banking system to prevent a drop in the exchange rate of the Libyan dinar, and to provide the liquidity needed to support projects the authorities have decided to undertake.

He views a rise in the interest rate as a major means of attracting these savings, saying that the new interest rate would exceed the 9 percent currently payable on savings deposits.

The Libyan official revealed that his country had resorted to an "open exchange policy" (without the security of financial backing) following the 24 percent decline in its revenues during 1993, compared to the previous year, in which foreign currency revenues were nearly LD2.4 billion.

He said that allocations for the various sectors had decreased and that the open exchange rate had not exceeded 3 percent of total revenues. He explained that there were great risks in this policy for the exchange rate of the Libyan currency and the economic situation.

Zulaaytini believes that the reform of the economic system in Libya could occur through the implementation of policies to hold the budget deficit to the lowest possible level. He said that this could happen through a high-interest public bond issue, the allocation of a budget item to service the public debt, and the avoidance of borrowing except for productive projects.

Checks and Cash

He called on the Libyan people not to deal in cash, but to deposit it in the banking system, so that the use of checks might take the place of cash, with the aim of reducing supply. He confirmed the need to collect Libya's foreign debts, estimated at nearly \$2.1 billion and 22 million French francs. He emphasized the settlement of these debts in cash or in kind, and cautioned that his country would resort to legal means to get its money back from abroad should the debtor countries procrastinate.

He said that halting the smuggling of Libyan dinars abroad was the responsibility of security and customs at the various frontier points. He called for the strengthening of monitoring of currency flight, and of abiding by a law criminalizing it.

He added that the Libyan Central Bank's investment revenues in foreign commercial banks in 1992 amounted to nearly LD4 million, and explained that the Central Bank was going to review domestic housing loans, which are about 15,000 dinars [each].

He spoke of Libyans who postponed marriage due to the scarcity of gold in their country, as the result of the UN-imposed sanctions.

He alluded to the drop in his country's gold imports, to between \$17-\$20 million, in the framework of limiting foreign expenditures.

MOROCCO

Opposition Shows Concern for Islamists' Rights

94AF0080B London AL-HAYAH in Arabic
19 Jan 94 p 4

[Article by Muhammad al-Ashhab in Rabat]

[Text] A call from Moroccan opposition parties to end the house arrest of Shaykh Abdessalem Yacine has raised questions about the kind of relationship anticipated between these parties and Islamic groups in Morocco.

With the exception of the traditionally-inclined Istiqlal [Independence] Party, which has previously called for the absorption of these groups, the other opposition parties, especially the Socialist Union and Democratic Action, have viewed with discomfort the growth of the role of the Islamic groups. Their political bases in Moroccan universities, especially in Fes and Casablanca, have clashed with Islamic movements, while the Party of Progress and Socialism (formerly the Communist Party) has not ceased calling for resistance to these groups, which had virtually overwhelmed Morocco's universities, in return for a drop in the influence of the traditional parties. Its leader, Ali Yata, brought up this question in political and official meetings, demanding an end to the exploitation of the universities by extremist Islamic groups. The same is the case with the imams of some mosques, who oppose the existence of a communist party in the country.

While the opposition parties' campaign in defense of Shaykh Yacine is part of the process of bringing up the problem of human rights conditions in the country, and to obtain the political and financial support from these groups in support of opposition aims, it is noteworthy that some political parties have recently raised the issue of working together with the Islamic groups. Their condition is a commitment to a political plan based upon legality. According to opposition politicians, there are dozens of Islamic organizations in Morocco at work raising religious awareness. Some of them bear a political stamp, which imposes a formula for dealing with them, particularly as the Islamic groups have shown their presence in the large demonstrations held during the Gulf crisis and in labor holiday festivities.

The Socialist Union's acting leader, Mohamed Yazghi, said that these groups had voted for the opposition parties in the recent legislative elections in major cities such as Rabat, Sali, and Fes. Lawyers affiliated with opposition activities have defended members belonging to the Justice and Charity Society led by Shaykh Yacine in several trials in 1990. This was not the case in the 1984 trials, when a plan to disturb the country's security, led by extremist groups linked with foreign parties, was uncovered.

In this context it may be mentioned that the Moroccan Government is formulating a plan for confronting the extremist Islamic groups, typified by its ban on mosques engaging in political activity. It has stopped the imams of some mosques who had been engaging in these activities. The Ministry of Islamic Affairs undertook the opening of a dialogue with the Islamic groups committed to admonition and guidance rather than forcing themselves into political controversy. It is noteworthy that the leaders of Islamic movements in several Arab and Islamic movements participated in demonstrations held in Casablanca as part of what was known as the Islamic Awakening Community. It has been decided that Morocco will, in the coming weeks, host a conference of ministers of Islamic affairs from the Arab and Islamic worlds, to discuss the idea of coexistence and reconciliation among Islamic sects.

The Islamic Awakening Community will focus, in a conference to be held this month, on studying this question and other related problems, in cooperation with Islamic groups.

Concerned persons believe that the call of the opposition parties, whose agendas diverge from the direction of the Islamic parties, has to do with putting political pressure on the government, by putting thorny problems before the recently-created Ministry of Human Rights. The least of these would be the studying of the conditions of detainees belonging to Islamic groups, and urging international organizations to show renewed concern for the state of human rights.

Those who follow these developments say that the political goal in raising this issue appears obviously through their presentation in Parliament, where it was possible for the Consultative Council on Human Rights, concerned with the defense of human rights, to study it. Opposition party circles themselves do not hide their discomfort at this trend, which could backfire on the opposition itself, as the affiliates of the Islamic groups mistrust the role of the traditional parties, and go farther than they do in the field of implementing Islamic law. There is nothing indicating the possibility of agreement between the agendas of the two sides, though they both agree in opposing the government.

World Bank Reviews Progress of Reforms

94AF0080A London AL-HAYAH in Arabic
27 Jan 94 p 9

[Article by Muhammad al-Sharqi in Rabat]

[Text] A World Bank delegation is currently on a one-week visit to Morocco, representing its board, and including representatives of Germany, France, Spain, China, Poland, and Chile. The World Bank delegation is conducting talks with several officials of the Moroccan Government. The purpose of the visit is exploratory, according to the members of the delegation. They also met with the board of the Union of Moroccan Banks, the General Federation of Businessmen, and the Governor of the Central Bank. They visited the regions of Morocco in which projects partially or fully funded by the World Bank are located. The World Bank delegation is also waiting to meet with Moroccan Prime Minister Mr. Mohamed Karim Lamrani.

The preliminary statement the delegation issued after its arrival in Morocco this week said that the World Bank and members of its board want a greater familiarity with trends in the Moroccan economy, especially in the areas of liberalization and privatization, project funding, the banking system, investment, and related operation and regulations. The World Bank indicated that it had offered Morocco, over 30 years, over \$6.7 billion in loans and assorted funding. It is now committed to participation in funding 30 development projects, with loans worth a total of \$2.9 billion in the areas of agriculture, irrigation, housing, the environment, education, public works, transport, and others.

The World Bank report for 1993-1994 published in Washington last week indicated that Morocco, Egypt, and Tunisia are the Arab countries that have obtained the highest percentage of the Bank's loans, and the largest rate of foreign investment. The report explained that the economic liberalization pursued by these countries has helped them to obtain increased foreign investments.

For their part, Moroccan sources said that the World Bank's total loans represent nearly a third of Morocco's total foreign debt, which stood at \$20.5 billion at the end of last year, of which 17 percent were commercial loans after the rescheduling arranged with the London Club last year. According to the statement made by World Bank Vice President Koch Fiers [name as transliterated] during his Moroccan visit two weeks ago (he met with King Hassan II in Marrakech), the World Bank is seeking to boost the volume of loans offered annually to Morocco, to approach \$800 million to \$1 billion annually, as against about \$560 million last year. The Bank, however, wants in return to be familiar with the new (profitable) projects that it can fund in whole or in part, saying that the Moroccan economy needs to prove its ability to absorb these loans.

The World Bank mission's presence in Morocco coincides with the continuation of the parliamentary discussion of the \$10 billion 1994 budget plan, which stipulates increased local economic liberalization and a decrease in the budget deficit of 1.5 percent of gross domestic product, and economic growth in excess of 7 percent.

The Moroccan Government wants to use 1994's privatization revenues, estimated at \$400 million, to boost economic performance, develop the employment field, and reduce the tax burden imposed on companies and individuals, besides permitting the local and foreign private sector to invest in strategic sectors that had been the preserve of the public sector, such as energy, transport, irrigation, communications, and public works. It is waiting, in light of the World Bank delegation's visit, to define the volume of loans the Bank will offer Morocco in 1994 and 1995, part of which Morocco wants to allocate to fund youth projects and provide additional job opportunities to help the local economy adapt to the global economy after the signature of the GATT accord in Marrakech in mid-April this year. That occasion will be attended by a number of heads of state from industrialized countries, including President Bill Clinton, according to Moroccan sources preparing the holding of the global GATT conference.

Union Asks Government for Dialogue

94AF0080C London AL-SHARQ AL-AWSAT in Arabic
1 Feb 94 p 2

[Text] The Moroccan Union of Workers has sent an open letter to the head of the government, calling for the opening of an urgent dialogue before the middle of this month, to study union conditions.

Secretary General of the Democratic Confederation of Labor Noubir Lamaoui [name as transliterated], indicated, in a letter of which AL-SHARQ AL-AWSAT obtained a fax copy, the need for a quick start negotiations between the government and the unions to study labor and worker issues, to put an end to the dismissal of workers and the closure of mines and companies, and the return of all workers dismissed for their union activity, increasing wages, and raising the minimum wage.

In his letter, Lamaoui criticized the brief and superficial meetings between the government and the unions, indicating that these meetings had done little to address workers' problems.

He mentioned that in December 1990, the Democratic Confederation of Labor had called for a general strike, which led to the outbreak of disturbances in a number of Moroccan cities.

OMAN

Finance Official Discusses 1994 Budget

94AE0077A London AL-HAYAH in Arabic
26 Jan 94 p 11

[Interview with Hammud Bin-Hilal al-Habasi, undersecretary for economic affairs, by Husayn 'Abd-al-Ghani, in Muscat, date not given: "Finance Official Discusses 1994 Budget"]

[Text] The Sultanate of Oman has confirmed that despite the current drop in both oil prices and oil revenue, the general expenditure in the 1994 budget (2.033 billion rials [RO]) has been reduced by only 5 percent.

Hammud Bin-Hilal al-Habasi, undersecretary for economic affairs in the Ministry of Finance and Economic Affairs [ministry name as published], said that this reduction will lead to neither a recession nor a slowdown of economic growth.

The Omani official told AL-HAYAH that despite the fall of oil prices, the estimated budget deficit in 1994 will be 20 percent less than that of the previous year.

Gulf banking sources stated that Oman asked four banks in the Gulf region, the West, and Japan to provide her with a new loan in the amount of \$300 million. However, al-Habasi argues that the \$2.6 billion of foreign debt that existed at the beginning of the present five-year plan will be the same at the end of the plan period in 1995, resulting in a zero figure of Omani net borrowing from abroad.

The undersecretary in the Omani Ministry of Finance and Economic Affairs indicated that Oman was undertaking procedures such as reviewing and modernizing investment laws as well as establishing a comprehensive legal and institutional framework for commercial, investment, and financial activities that are in accordance with the free economy policy and market mechanism.

Following are details of the interview:

[Abd-al-Ghani] What is the size of the current year's budget reduction compared to both last year's reduction and that estimated and included in the fourth five-year plan?

[Al-Habasi] There is no reduction with regards to the gross general revenue which has been estimated in the 1994 budget at about RO1732.1 million representing a 2-percent increase over the 1993 figure of about RO1698.5 million in the endorsed budget. This increase is mainly due to the estimated increase in the natural gas revenue and in other current revenues.

As for the figure for the general revenue for the current year as it appears in the five-year plan, it has been estimated at RO1.780 billion representing an increase of

about RO48 million over the estimate of the current budget. This slight increase in the general revenue is due to the fact that oil revenue for 1994 had been estimated at RO1.364 billion in the fourth five-year plan. However, due to the drop in oil prices, this revenue had been estimated at RO1.311 billion in the 1994 budget.

Total general expenditure in the 1994 budget has been estimated at RO2.033 billion compared to RO2138.5 million in the 1993 budget with a decrease of about 5 percent. Meanwhile, the estimated figure for total general expenditure in the 1994 budget is more than the RO1.958 billion figure estimated for 1994 in the fourth five-year plan.

It is thus clear that estimates for general expenditure tally with the government directives to reach a balance and narrow the gap between revenue and expenditure.

It is also worth mentioning that decree number 1/94 issued by the Sultan to endorse the budget indicated that it was possible to review some expenditure items in case the net oil revenue dropped below average estimated prices due to the drop in world oil prices because of the current delicate and complicated world economic conditions.

[Abd-al-Ghani] What is the size of reduction in both the current general expenditure and the investment expenditure in the new budget?

[Al-Habasi] The general current expenditure is estimated in this year's budget at about RO1.5859 billion compared to 1.6175 billion in the 1993 budget. As for the investment expenditure, it is estimated in the current budget at about RO431.6 million compared to about RO495.8 million in the 1993 budget.

As I indicated in my previous response, the reduction in the size of the general expenditure came as a result of the drop in world oil prices and the impact of that on revenues and consequently on the size of general expenditure and the current deficit.

It is worth noting that the current budget is geared to serve development and provide the necessary allotments for new projects that are expected to be executed during the current year. Therefore, the reduction decided upon for investment expenditure will not greatly impact the previously endorsed figure of RO448 million for investment expenditure programs for 1994 in the five-year plan. This is because allotments endorsed for the programs seem quite similar to the figures, which have been previously quoted, of the current budget.

Therefore, though oil prices have affected the current budget, it remains balanced, financially sound, and able to preserve the good developmental achievements that were executed in the Sultanate.

[Abd-al-Ghani] What is the anticipated 1994 budget deficit and the "actual deficit" in the budget of 1993, the year when the current drop in oil prices occurred?

[Abd-al-Ghani] The deficit estimated in the 1994 budget amounts to RO300.9 million compared to RO375 million in the 1993 budget and represents a 20-percent reduction. Therefore, particularly in light of the current drop in oil prices in world markets, it seems that this reduction is sound and in harmony with the policies and procedures applied by the government in order to tackle the deficit problem.

The "actual" 1993 budget deficit will be determined later on following the preparation and endorsement of the 1993 final accounts.

[Abd-al-Ghani] Which measures would be used to tackle the deficit in the new budget? Will those measures involve more withdrawal from the state's general reserves, or would there be recourse to domestic and foreign borrowing?

[Al-Habasi] As I have previously mentioned, the current budget deficit is about RO300.9 million. Measures to finance it include resorting to state funds worth RO221 million and to RO48 million as receipts of government development bonds, in addition to acquiring RO31.9 million in the form of net borrowing and aid.

A positive indicator is the fact that the figure for estimates of withdrawals from state bonds has been cut down from about RO292 millions in the 1993 budget to about 221 million in that of the current year.

It is also worth mentioning that the resort to government development bonds and foreign borrowing were financing measures mentioned in the fourth five-year plan. These measures are being used in accordance with the relevant endorsed regulations.

[Abd-al-Ghani] Some people believe that, due to the drop in oil revenues, the government should review its decision not to increase foreign borrowing above the average reached during the current plan of \$2.6 billion. Will the Sultanate accordingly arrange for foreign loans from either friendly countries or world banks as happened following the 1986 oil crisis?

[Al-Habasi] I would like to indicate that the decision you refer to in your question was included in the fourth five-year plan, which stipulated that the size of the general foreign borrowing should remain fixed at the figure it had reached at the end of the third five-year plan: i.e., about RO1 billion.

This means that it is possible to arrange for new foreign borrowing during the plan years. In fact, the planned borrowing during the fourth five-year plan period would be equal to the amount of loans paid back during the same period; the general foreign debt would be thus the same at the end of the plan period as it was at its beginning, i.e., the "net" foreign borrowing would be zero. This scenario is the one currently applied.

[Abd-al-Ghani] Procedures to cut down general expenditure included cutting down recurrent expenses,

freezing or abolishing annual salary raises and professional allowances, and having new regulations for travel tickets, as well as for housing for those coming from abroad to be employed by the state. How much savings would these procedures yield in the budget? Besides, do the benefits accruing from these procedures outweigh the expected risks that they may cause, such as slowing down of economic growth and slump in some economic sectors, particularly those with an active private sector?

[Al-Habasi] First of all, let me correct some inaccurate information that is included in the question. First: Annual raises have not been frozen or abolished; they continue to be paid and the current budget includes the extra funds necessary to pay periodic raises to employees of ministries and all government units. Second: Professional allowances have not been frozen or abolished, they have simply been reduced by 50 percent. As you know, this is not an allowance for all government employees, but is only granted to some of them according to either the nature of their jobs or to special circumstances that were valid during the last few years and no longer exist.

As for the procedures that were mentioned and that have been resorted to in the framework of the comprehensive tackling of the financial conditions, they aim not only at reducing expenditures but primarily at rationalizing spending, cutting down on administrative expenses and providing elasticity in applying the benefits that are given to those coming from abroad to work for the government. I would like to seize this opportunity to affirm the following:

First: There has been no change in basic salaries and periodic raises that were given to government employees as acquired rights.

Second: We have rationalized spending and provided elasticity in applying the benefits granted to those coming from abroad to work for the government. However, those benefits should be well used in such a way that would allow those using them to choose the housing and travel fit for them. It should also be noted that these new procedures will save the government some expenses and lessen its responsibilities and administrative work; they will also enable it to control expenditure and waste.

Third: The reduction in government spending will not create any noticeable recession trends that could impact the economy as a whole and the private sector in particular.

[Abd-al-Ghani] It has become crucial to harmonize—on the one hand—between national laws such as those concerned with work and workers, investment, trials and commercial arbitration and—on the other hand—international codes and conventions. With regards to this issue, is the Sultanate ready to revise some current laws in order to make them more compatible with world codes and directives that are encompassed in the framework of the new world economic order?

[Al-Habasi] In view of severe economic international competition, the Sultanate Government, since the onset of the blessed renaissance of 1970, realized the necessity of adopting the free economy system. It therefore provided the legal and institutional framework for encouraging and facilitating both the private sector activities and domestic and foreign investment. Subsequently, besides issuing commercial, investment, customs, financial, and monetary laws, the Sultanate issued laws dealing with work and workers, immigration and visas, as well as commercial disputes, etc.

In order to give a push to development and progress in the Sultanate, as well as to confront the novelties and changes in the world economy, the concerned authorities are currently working towards reviewing, modernizing, and developing many of the laws and legislation that are currently being applied. This procedure aims at establishing a comprehensive legal and institutional framework for commercial, investment, and financial agencies and activities that would be compatible with the Sultanate's directive of adopting the free economy system, which relies on both the market mechanism and free competition and which has become the main concept of the new world economic order.

REPUBLIC OF YEMEN

AL-Mikhlaifi on Unity, Arab-Israeli Negotiations

94LH0014D Beirut AL-SAFIR in Arabic 5 Jan 94 p 1

[Interview with 'Abd-al-Malil al-Mikhlaifi, secretary general of Unified Nasirite Organization [UNO], by 'Adnan al-Sahili, in Yemen; date not given: "The Conflict Is About Building the State and Not About Unity"]

[Text] Tripoli—Delegations representing various political powers in Yemen participated in the business of the meeting of the Arab Democratic Revolutionary Dialogue in the Libyan capital last month. The most prominent delegation was that of the Unified People's Nasirite Organization, which is headed by the secretary general of the Organization, 'Abd-al-Malik al-Mikhlaifi, whom the general conference of the Organization elected during its convening last month.

AL-SAFIR met with al-Mikhlaifi and interviewed him about organizational issues and about the imminent dangers for Yemen:

[AL-SAFIR] Recently, your organization held its general conference and elected new leadership. In what context did this change take place?

[Al-Mikhlaifi] The Unified People's Nasirite Organization is an organization deeply rooted in Yemen. It is more than 28 years old. The last conference that talked about it was the Eighth National General Conference of the Organization. It was held in Sanaa from the 23-27 of last November. It was a Nasirite, national,

patriotic rally attended by a large number of representatives of parties, Yemeni political organizations, and representatives of Nasirite organizations and parties in the Arab Homeland.

The conference was considered a democratic rally, and a unified rally, because it was held in the atmosphere of the political crisis and, therefore, the Nasirites assured throughout it their adherence to Yemeni unity. It was also considered a democratic rally because it reflected democracy in the Organization through the conference taking place across the domestic elections, which began in the basic units in the villages, and are interconnected at the governorates level. The National General Conference concluded with the elections of the Central Committee of the Organization and the secretariat general through the Central Committee.

In this conference, a central committee of 91 members that combined branches of the Organization in the governorates and abroad was elected. And, for the first time, Nasirite women in the Central Committee participated in it, where four Nasirite women were elected as basic members, in addition to five elected as candidate members. The conference reflected the organizational and popular weight of the Organization and assured the place of the Nasirite organization as one of four main organizations in the country and as a fourth party, in addition to the three parties in the government. It is absolutely the most prominent Yemeni opposition party.

[AL-SAFIR] Is the conference considered a stopping place in the ending of the differences between the Nasirites in Yemen on the course towards unification of their ranks, or are the previous differences still continuing?

[Al-Mikhlaifi] It is certain that what you are referring to in terms of differences was the remainder of the period of repression that the Nasirites faced, i.e., the period of bisection, since the two previous bisected systems with a unionist mentality tried to beat down and fragment the Nasirites and tried to fabricate Nasirite names on the periphery of the Unified People's Nasirite Organization. But, by the testimony of the press in Yemen, including the official press, the conference was a plebiscite to the fact that this organization represents the Nasirites in Yemen, that it was the end to all the naming that the governing parties fabricated with the goal of fragmenting the Nasirite movement and beating it down, and especially that the conference reflected the reality of the Nasirite organization's unity in Yemen.

[AL-SAFIR] Is it possible for your success in Yemen to be reflected by the Nasirite position on the general Arab level?

[Al-Mikhlaifi] It is certain if the Nasirites in the whole Arab homeland arrived at rebuilding their position, as happened in Yemen, with a new spirit and new methods in organizational and political action, it is possible that this conference, which representatives of a number of Nasirite parties attended, would be a beginning of the awakening of Nasirite action in general.

We were aiming in Yemen at presenting a new Nasirite model that is dependent upon wide political action, people's action, and open action and also on the forming of democratic methods in political action that guarantee the solidifying of organizational Nasirite action. We presented this model to all the political powers and to our Nasirite brothers in the rest of the Arab homeland. We believe that the Nasirite participation from the Arab homeland in the conference represents a special state of awakening and that the statement that was issued about the Nasirite organizations participating in the conference entitled "A Call to the Nation" was expressing this state. These various private Nasirite organizations that are now working publicly and legally, along with the other Nasirite organizations that are still working under the shadow of repression, agreed on more ordering of the advancement of Nasirite work and the creation of national Nasirite institutions arranging Nasirite work on the basis of public, democratic, and legal action.

[AL-SAFIR] These days Yemen is witnessing a fierce conflict between its governing parties. So, are the fears about the unity of Yemen and about the democracy in Yemen real fears?

[Al-Mikhlaifi] The conflicts present in Yemen stir up some internal anxiety, but they arouse more fears abroad. Maybe it's that most people don't realize the nature of the political conditions in Yemen.

It is true that the present political crisis is deep, and it is deeper than any crisis that the country has gone through since unity. But, in my estimation, the fears about Yemeni unity don't reach the degree that is presented abroad in view of the fact that the conflict taking place in Yemen concerns the building of the state, and not unity. All the political powers agree on the difference of their orientations no matter what their position in the conflict. However, unity is from the constants, which are not allowed to be violated, just as the political movement in the country is a united movement and there is not a northern party and another southern that can be said to be representing this or that part of the country. But, maybe because the sides of the conflict become stronger with old devices, bisecting devices, it appears sometimes that the conflict has a direct relationship to unity. But, it is my estimation that the conflict revolves around the building of the state. Maybe this is where there is agreement among the various Yemenis on the multiplicity of their intellectual and political memberships, namely that whatever happens can lead to a better way out on the issue of building the single state and on the issue of consolidating democracy. This doesn't create real dangers to unity, but rather the dangers would come if the conflict didn't enter into a far-reaching stage in the dialogue that is prevailing now. Yemenis agree that dialogue and peaceful methods are the tools of management of the conflict. If this dialogue deviates from its course, and is substituted by violence and non-dialogue methods, it is possible that dangers will form, not dangers to Yemeni unity in the old sense, but to all of Yemen.

In my estimation, Yemen, if it doesn't close the dialogue and put an end to this crisis, may enter into a whirlpool of civil war and violence which may not lead to redividing into two parts as before, but will lead to the fragmentation of Yemen more than it was fragmented before unity. Likewise, the various political powers including the National Block for the Opposition that forms the spine of the Unified Nasirite Organization, are exerting great efforts to keep the conflict in the sphere of peaceful and democratic dialogue. If it remains in this framework, as is happening today, the differences circulating in Yemen now could form a positive turning point for the good of building a modern Yemeni state, a state of order and law, as most of the political powers in the country are demanding now. It could also strengthen the journey of democracy, especially through the demands, on which there is partial agreement, for the strengthening of local government and election of directors of the provinces and the chief officers of the governorates and the encouragement of democracy in the country.

[AL-SAFIR] Are there certain general rules for the preservation of the unity of Yemen?

[Al-Mikhlaifi] In my estimation, the unity of the political movement and the presence of political action along all of Yemen forms a measure of the control. Furthermore, the state of popular, national, and political agreement with regard to unity is one of the fundamental invariables, violation of which is not permitted.

Here I point out that some of the papers that were presented concerning the subject of establishing a federalist state in Yemen were confronted by strong rejection from all the political powers whatever movement they belong to, which confirms the adherence of all Yemenis to unity.

[AL-SAFIR] Is there a possibility available to the hostile powers for arousing certain considerations in order to provoke sedition in Yemen?

[Al-Mikhlaifi] It is certain that the powers hostile to Yemeni unity and the adjacent reactionary powers played [a role] throughout the last period and exploited the atmosphere of the crisis for the sake of stirring up ailing struggles. So, they presented issues like the North and the South, the oppression of the Northern minority by the Southern majority, and the Zaidites, Shafiiites, and the Bedouin subdivisions. However, in my estimation, there is a popular consciousness that rejects ailing presentations such as this.

There is a conviction of those who raise these slogans, and all the political organizations and all the conferences and the festivals confirm the adherence to Yemeni unity and the rejection of ailing struggles, and especially the Yemeni people, among whom, practically speaking, sectarian conflicts are not found, but rather, political ones. There is an attempt to raise these slogans with the goal of creating a state of division in Yemeni society, but they are judged and rejected and the political and partisan movement and the elite that represents the Yemeni

people are unified on the sectarian and regional level, and sectarian or regional or Bedouin movements are not found existing in independent entities. In my estimation, these designs will continue to provoke and incite ailing struggles and will exploit some of their minor men present in Yemen. However, there is a trust in the existence of a popular consciousness that rejects suggestions like this.

[AL-SAFIR] Do you see that this conflict is related to developments that the Arab region is witnessing, where the creation of a problem for every Arab country is taking place?

[Al-Mikhlaifi] Yemeni unity has been targeted since its establishment, especially from Saudi Arabia and the Gulf States. This targeting was strengthened by the Gulf Crisis and the Yemeni popular position that rejected foreign interference in the crisis and, therefore, what resulted from this situation in terms of the expulsion of one and one-half million Yemenis from the Gulf States and Saudi Arabia, defining what formed the wearing economic crisis in Yemen. It was also reflected in the framework of the political crisis, in addition to the presence of a number of centers of power and influential people and elements linked to the neighboring countries in the region that play a role in starting the crisis and increasing the sharpness of the conflict in Yemen. Thus, what is happening in the region is not far from what is happening in Yemen also, in terms of a crisis having the goal of shattering this unity and making the countries enter into a whirlpool that will no doubt be reflected in the whole peninsula region and the Gulf considering that Yemen is the largest country of the region and the most densely populated, which could make the Arab region in all of the peninsula and the Gulf enter into a whirlpool. There is no doubt that it serves the plans that want to rearrange the situation of the Arab nation for the good of the Zionist project or what is called the Middle Eastern order.

[AL-SAFIR] What is your opinion of the stopping points that the Arab-Israeli negotiations have arrived at and the current peace projects?

[Al-Mikhlaifi] The position of the Unified People's Nasirite Organization does not differ from the position of the Nasirite trend in all the Arab countries. It is the position that has refused the settlement path from the beginning and the position that judged and assessed properly the Gaza-Jericho agreement as an agreement that abandons the Palestinian issue, strengthens the Zionist project, supports the setting up of what is called Greater Israel, and sends out the American call for the establishment of the Middle East order.

Second, at the level of action, the Unified People's Nasirite Organization was the first and the most prominent of the organizations that was moved in the Yemeni arena to express its rejection to the Gaza-Jericho agreement and the settlement path. It mobilized the widest popular support for its position. This position of the

Yemeni people, who expressed their rejection of the agreement, agitated the sides of the settlement and especially the influential leadership in the PLO.

Third, the Eighth National General Conference of the Organization consisted of a national rally for the conviction of the Gaza-Jericho agreement. Was it because of the attendance, which was limited to all those rejecting the agreement, or because of the slogans of the conference and the calls that were sent out in it? Thus, we consider that the settlement paths, whose most prominent last stopping place was the Gaza-Jericho agreement, are targeting the [Arab] nation and its awakening and cultural project. There is no choice before any Arab except the fighting of this project, which aims at the [Arab] nation and its existence, the fighting of all the normalization plans and whatever calls for a Middle Eastern order, the overthrowing of this despicable and humiliating agreement, the strengthening of the Palestinian intifadah by every nationalistic means, and the success of the Arab cultural project.

Bakil Tribe Calls for Change in Army Leadership

94LH0014A London AL-SHARQ AL-AWSAT in Arabic
15 Jan 94 p 4

[Text] Sanaa—Some of the principal political powers in Yemen are in the midst of a fierce and foreboding debate concerning the significance of the awakening of the Bakil tribe and the extent of the connection of this rising to any of the governing political parties. The United Bakil Council concluded the business of its first general conference, which was held in the region of the Anisi tribes, the day before yesterday, amidst opposition to it and its rejection by some of the political and tribal symbols of Anisi, and especially those belonging to the Popular General People's Congress, the leader of which is the Yemeni president 'Ali 'Abdallah Salih.

While these same mentioned that the conference was plagued with failure because of their refusal to receive it in their regions, Shaykh Muhammad 'Ali Abu Luhum confirmed in a telephone call to AL-SHARQ AL-AWSAT that the conference was crowned by success and was attended by about 40,000 people from among the men of the Bakil tribes and various governorates.

He confirmed the error of those who portrayed the Bakil conference as putting forth a call for disunion, when it is exactly the opposite. Likewise, he rejects any process of political or partisan polarization.

He referred to the decisions and recommendations that the conference issued at the end of its business and which the closing statement contained. They concentrated on the handling of the internal issues of the Bakil tribes first, and on the presentation of a group of special and general issues in various spheres, the most important of which is working to display the civilized side of the Bakil tribes, the effective participation in building the Yemeni state, the preservation of unity and democracy, the accomplishments of the revolution, the doing away with any

differences in the Bakil framework, and the striving to end all differences between it and the other tribes.

The Bakil conference confirmed its devotion to unity and democracy as an irrevocable choice, and the working towards sovereignty of the law and the system. It demanded the "sound rebuilding of the security organizations nationally, and the reformation of the armed forces so that they protect the country and its sovereignty and are not a heavy weight on the nation or a protector or friend of the people in power or in the parties."

The Bakil tribes demanded to be made a participant, through their United Council, in any arrangements relating to state-building issues. [They also demanded] the acceptance of the Bakil Council's opinion, the necessity of giving the Bakil people and all the ordinary people an equal opportunity in public service, including the armed forces and security forces, without reservation, in the same manner as others from among the tribes, and the taking of an interest in the rights of all the families of the martyrs.

Likewise, the Bakil Council demanded the necessity of completing the centralization and the granting of full powers to the people of the governorates and districts, which enables them to serve their regions according to the system of local governing. [They also demanded] the rebuilding of the state organizations, and for the end of the double standard, and giving the qualified individuals and cadres the positions that they deserve. They demanded the hastening of the end of the present crisis, which is on the verge of threatening the unity of the country, and the necessity of requiring all the political powers, and especially those within the framework of the governing coalition, to refrain from all the practices that tend to cause disunion inside society.

The statement also demanded that all the parties refrain from political provocation that leads to breach of security and violation of the national constants and hinders the movement of life. Regarding the army and security, it demanded purging both of them of the elements whose failure has been proved and which had a role in frustrating the responsibilities of this institution, and then replacing them with new elements that are capable of undertaking their role free and clear of subordination to people or parties or to the influential people in power.

It demanded working to withdraw the armed forces from inside the cities, doing away with the subordination of the armed forces to the sections of power, and opening the door of service to all ordinary people. Likewise, it demanded the changing of the heads of the armed forces in the various military units who belong to any one of the sections of power, or those who belong to one region, and taking another look at the appointment of these leaders, on the condition that the retirement law be applied, and the process of blind conscription be stopped.

In the economic sphere, the statement pointed to the need to require the government to maintain public funds and to paralyze the hands tinkering with them, to observe the activity of the revenue-related institutions and the central bank, to not monopolize the public funds in the hands of an individual or party who uses them to buy protections and party and political loyalties, and [the need] to prevent the administering of the public funds for anything except what is in agreement with the regulations and laws, in the framework of what the public budget of the state establishes.

It demanded the hastening of putting plans and reform and growth programs into place, the limiting of luxury government spending, the checking of the process of issuing money, the abolishing of what is called invisible clauses and the application of the principle of financial protection, and the putting into operation of the principle of "Where did you get this?"

Likewise, it demanded the limitation of the number of workers in the state institutions, including the army and the security forces, the opening of the door of compulsory retirement for the people in high positions of responsibility, the hastening to finish the establishment of the free economic and trade zone in the capital, Aden, and the directing of oil revenues towards what produces a push to the production process and the building of an agricultural renaissance. The statement touched on the demand for various services and the treatment of problems of revenge, and the new manifestations of crime and drugs and the like.

The statement concluded with the Bakil Council's assurance that these demands express the concerns and aspirations of all the ordinary people, and not just the Bakil people. However, the Council takes the presentation of these demands upon itself within the scope of its comprehensive national directives.

INDIA

South Asia Policy Ostensibly Unchanged Under Clinton

94AS0190B Madras *THE HINDU* in English
30 Dec 93 p 9

[Article by K.K. Katyal]

[Text] New Delhi, Dec. 29—Contrary to the belief here, the U.S. Administration maintains that its policy on South Asia remained consistent in 1993 despite the change in presidency.

According to an official year-end review of the U.S. relations with the Indian sub-continent (details of which are available here), most of the themes sounded by the Clinton Administration on "South Asia—nuclear non-proliferation, democracy-building, human rights, free trade and economic reform—echo the policies set in place by his predecessor, George Bush." That is because, it says, these broad goals best define American interests in the post-cold war world and are particularly relevant to South Asia.

Indo-Pak. tensions: The historic tensions between the region's two strongest countries, India and Pakistan, the review notes, have become far more troubling in recent years, now that both are widely considered to possess a nuclear weapons capability. Added to the volatile mix is the ongoing instability in Afghanistan, where security risks have prevented the United States from re-opening its embassy. The breakup of the former Soviet Union evoked a wholesale re-evaluation in Washington of U.S. relations with the former eastern bloc, but its effect on U.S. South Asia policy has been subtle. In the Presidency of Mr. Bill Clinton, the changes, it is pointed out, have come in the degree of emphasis placed on particular issues.

It cites the views expressed by the U.S. Assistant Secretary of State, Ms. Robin Raphel, and other officials from time to time that the State of Jammu and Kashmir is a "disputed" territory. Questioning the suggestions in sections of South Asian media, "for largely parochial reasons" that the Clinton Administration had modified the South Asia policy, it quotes the following remarks of the State Department spokesman in November: "As we have noted consistently since 1947, the United States believes the entire geographic area of the former princely State of Jammu and Kashmir is disputed territory. The United States believes the best way to resolve the dispute over Kashmir is through direct discussions between the Governments of India and Pakistan as envisioned in the (1972) Shimla agreement, taking into account the wishes of the Kashmiri people."

Delhi sees new elements: As seen in New Delhi, the Clinton Administration introduced new elements in its South Asia policy, with recurring references to the "wishes of the Kashmiri people" and its willingness to help resolve (in other words, "mediate") the problem if desired by the two sides.

The debate over the possible scrapping of the Pressler Amendment is summed up thus: "Another U.S. policy that is likely to provoke regional opposition but remain unchanged is the suspension of U.S. aid to Pakistan. The 1985 Pressler Amendment to U.S. law requires that aid to Pakistan be withheld unless the U.S. President can certify that Islamabad does not possess nuclear weapons capability. The Bush administration revoked Pakistan's certification in 1990, and the aid cutoff has remained in effect ever since. Although the Clinton White House indicated in 1993 an interest in removing 'country-specific' language from the foreign aid law to allow presidential discretion in such decisions, the principle that underlines the Pressler Amendment continues to be upheld. As a result, the aid cutoff can be expected to continue until Pakistan's nuclear programme ceases to be of international concern."

Priority for non-proliferation: Citing Mr. Clinton's address to the U.N. General Assembly that he had "made non-proliferation one of our nation's highest priorities," the review describes how that official message was brought home during an October State Department briefing, with the statement that the United States was "particularly concerned" about the proliferation of weapons of mass destruction in regions such as South Asia. "We have ongoing, senior-level discussions on this issue with the Governments of Pakistan and India and we will continue to urge both Governments to undertake direct, high-level discussions on this and other issues dividing them, including Kashmir."

Among the "good news" were the decision by India and Pakistan to resume official talks and the elections in the two countries, according to the official document.

The Pakistani elections, according to the review, were widely hailed as having been the freest and fairest in its history with some observers suggesting that the process may have given birth to a genuine two-party system.

The significance of the Assembly elections in India was spelt out thus: "Hindu-Muslim tensions heated up with the December 1992 destruction by Hindu nationalists of the historic mosque of Ayodhya, and riots which left hundreds dead. Tensions were further heightened by a bomb attack in downtown Bombay and the siege by Indian security forces of the sacred Hazratbal mosque in Kashmir, where Muslim militants had barricaded themselves. Those and other events led many to predict that Indian politics would become increasingly fractious and polarised by religious extremism. Instead, voters in India's recent elections largely rejected the BJP [Bharatiya Janata Party] Hindu nationalist party. The election results were widely interpreted as a reaffirmation of India's status as a modern, secular State."

"In a positive move that was lauded by the United States and international organisations, the Indian Government agreed this year to allow human rights observers to enter Kashmir and investigate reports of abuses committed by New Delhi's security forces," the review said.

U.S. Envoy Told of Concern Over Clinton Letter

94AS0191E Madras *THE HINDU* in English 25 Jan 94 p 1

[Article by K.K. Katyal]

[Text] New Delhi, Jan. 24—India today formally conveyed to Washington its strong feelings and concern over the U.S. President, Mr. Bill Clinton's references to Punjab in a letter to a Democratic Congressman.

The Foreign Secretary, Mr. J.N. Dixit, told the acting head of the U.S. Embassy, Mr. Kenneth Brill, that India could not but take a serious view of the contents of the letter, which were unacceptable and were seen as having a negative impact on bilateral relationship. Some of the points made by the Foreign Secretary were contained in the official reaction, given through the Foreign Office spokesman yesterday.

Mr. Brill, it is learnt, wanted India not to take seriously either the fact of despatch of the letter or its contents. This, according to him, was part of the job of the public communications division of the White House, which replied to letters in the President's name, received from the public.

India, it was clear, read a deeper meaning into the letter episode.

Downplaying issue

C. Raja Mohan reports from Washington:

The reference to "Sikh rights" in the controversial letter written by Mr. Clinton does not imply that Washington is seeking special treatment for Sikhs in India, according to sources in the State Department. In an attempt to down play the significance of the letter, administration sources are suggesting that too much should not be read into it. They argue that the term "Sikh rights" must be understood as a broad reference to minority rights enshrined in the Indian Constitution. They point out that both the Indian and American Constitutions guarantee in a generic way the rights of all minorities. The sources assert that the United States does not support the creation of Khalistan. However, they are not ready to provide a satisfactory answer to the question why the term "minority rights" was not used in Mr. Clinton's letter expressing his desire for a "peaceful solution" in Punjab "that protests Sikh rights."

The reference to the Indian Constitution and the rights granted by it appears to be a new formulation to take the sting off the American intervention in India's internal affairs. In its earlier clarification on Mr. Clinton's letter to the leading campaigner here for the secession of Kashmir, Dr. Ghulam Nabi Fai, the State Department suggested that the administration was only calling on the Indian Government to respect the human rights guaranteed by the Indian Constitution.

The State Department sources suggest that the President is obliged to respond to the concerns expressed on human rights issues by Congressmen and the letter should be seen

in that context. They note that Mr. Clinton had referred in his letter to the improvement of the ground reality in Punjab. They also suggest that the U.S. Government has repeatedly expressed its concerns on violations of human rights in Punjab to the Indian Government.

Unease Over Hiring Lobbyists in United States

94AS0191B Madras *THE HINDU* in English 24 Jan 94 p 9

[Text] New Delhi, Jan. 23—While the "pro-lobbyists" have had their way, there is a sense of dissatisfaction at the highest levels in the Foreign Office over the decision to appoint a firm of lobbyists and image-builders in Washington to complement the role of the Indian Embassy in the United States.

Lobbying is an accepted way of life in America's democracy, and the institution is nearly as old as the signing of the Declaration of Independence 200 years old. Lobbying firms have proliferated in Washington over the years. For a price these seek to influence policy-makers, legislators and the media in favour of their clients. In the case of the Indian Embassy, the price is half a million dollars a year.

This could well represent a sum equal to or greater than the total salary bill of the embassy officials and staff, but that is not the reason for the sense of unease here.

The real reasons are possibly two: doubts about what lobbyists can actually achieve, especially when their goals are not clearly defined and may possibly even be difficult to lay down, and an appropriately perceived loss of prestige for the doubtlessly competitive Indian Foreign Service whose officers do not make less effective diplomats than the equivalent service of any other country, no matter how powerful or well-versed in the politics among nations.

India slipping in its own eyes?: It is perhaps for these very reasons that the idea of hiring lobbyists had been shot down before by the Government, and constitutes a controversial decision today. The idea did not take off even in the Eighties when Pakistan was playing havoc with the Indian image on both Punjab and Kashmir in the United States through its own hired lobbying firm. Ironically, the "pro-lobbyists" have won when only half that problem remains in the sense that the Punjab militancy is seen as being no longer a day-to-day nightmare. It needs to be noted that big, strong or influential nations do not have a record of hiring lobbyists in Washington. In that sense, going for one now may reflect India slipping in its own eyes.

Some of the P-4, i.e., the former USSR or now Russia, Britain, France and China (excluding for this discussion the United States among the Permanent Members of the Security Council, as lobbying is resorted to for a favourable impact inside America) are known to have used the services of lobbyists for specific, single assignments but never on a sustained basis with an omnibus brief, as

appears to be the case with the hiring of the firm of McAuliffe, Kelly and Rafaeilli by India.

Indeed, lobbying can achieve little if it is not in tandem with the broad perceptions of U.S. policy. It would no doubt be accepted even by the lobbyists for Pakistan, for instance, that they could not get their client off the hook on Pressler, even though Pakistan has had the ear of the U.S. establishment for four decades as a close associate in the ideological conflict against the former Soviet Union and was a certified "frontline State" while the war in Afghanistan lasted.

It is difficult to imagine, for instance, that even the most impressive lobbying effort could sell the case for Iraq, Libya, Cuba or North Korea in Washington, or, for that matter, Moscow, in its earlier incarnation.

In India's own case, shortly after independence when New Delhi was yet to be regarded as a "Soviet ally" by Washington, nothing that the powerful world personality of Nehru projected could persuade the United States to back the development of the public sector in this country, though both nations saw each other as civilised democracies. It is doubtful if lobbyists would have succeeded where Nehru had failed.

It would not be unfair to the American lobbyists to suggest that their most notable successes lie on the domestic agenda. Lobby firms make it a practice of donating funds to election campaigns of politicians, and this is a key strength in their dealings on Capital Hill.

Lobbyists (against India) also do well when constituencies of politicians include Khalistanis, PoK [Pakistan Occupied Kashmir] expatriates, or Pakistanis in useful numbers. But in the final analysis they work out best for an overseas client when American policy goals converge with the brief a lobbyist is handed.

It is not clear what brief India expects its lobbyist in Washington to handle. Is it the economy and the flow of private foreign capital and business?

Boot on other leg: The boot is on the other leg, really. Were the Americans themselves not lobbying India hard at the highest level for decades for a change in its economic structure so that U.S. business interest could be attracted? And when this did begin to happen, did American business not show a keen interest? That was well before a lobbyist was retained.

Can India realistically look to a lobbyist to get it past the U.S. establishment on NPT [Nonproliferation Treaty], or the Kashmir question, or human rights, especially when these are centre-stage for policy-framers in Washington? Unfortunately, these cannot be achieved through hired retainers, but through national will, and skilful and augmented diplomacy. China presents a striking example of this.

Recent visitors from the United States have suggested that the American executive and the legislature are crowded with men and women who have spent time in

this country as Peace Corps volunteers, and a large number of them still see India through friendly eyes. Has the embassy in Washington, for a start, even sought to tap a natural reservoir of goodwill such as this, before rushing into lobbies of the image-building industry?

Washington Correspondent on Problems With U.S.

Hostility in White House?

94AS0195A Madras THE HINDU in English 24 Jan 94 p 9

[Article by C. Raja Mohan: "Clinton Set-up Bent on Attacking India?"]

[Text] Washington, Jan. 23—The Clinton Administration appears determined to go out of the way to hit out at India on human rights issues. It is no longer possible to attribute the statements emanating from the White House on the situation in India to mere callousness and insensitivity. Only unrelenting hostility, spurred by interested quarters, among the White House aides can explain the fact that the President, Mr. Bill Clinton, had signed two letters on the same day, December 27, that make provocative statements on two of the most sensitive issues relating to India's security.

Yesterday, Mr. Gurmit Singh Aulak, the self-proclaimed president of the Council of Khalistan based in Washington released a letter written by Mr. Clinton to the Congressman, Mr. Gary A. Condit. The letter said: "I am aware of the chronic tensions between the Indian Government and the Sikh militants, and share your desire for a peaceful solution that protects Sikh rights."

Referring to the recent improvement in the ground situation in Punjab, the President talked of continuing police abuses in the State. He declared, "It is clear that abuses still occur, however, and we regularly raise our concerns about them with senior officials in the Punjab Government and the Indian Government." Stating that "human rights is an important issue in U.S.-India relations," the President assured Mr. Condit that Washington would "continue to make our concerns known to the New Delhi authorities."

Reevaluation of ties needed: Two weeks ago, Mr. Clinton's letter to Dr. Ghulam Nabi Fai, an activist for the Kashmiri militants here, declaring his desire to "bring peace to Kashmir," had been publicised. It was possible to make light of that letter, seeing it as something that just slipped through the normally tight system in the White House that regulates presidential utterances on foreign policy issues. The fact that Mr. Clinton has now signed a nastier letter on Punjab to a Congressman must necessarily force reevaluation in New Delhi of the State of political relations between India and the United States.

It is no longer possible for New Delhi to downplay the significance of the Clinton letters. Until now, it could be argued that the Khalistan cause is being taken up only by a few Sikh militants, their lobbyists and Congressmen who are funded by them. The reference to Punjab now

comes from the President himself, the highest authority of the executive branch of the U.S. Government.

It is necessary to recall that under the previous administration, despite a far graver situation in Punjab, the Sikh militants here could not get the President, Mr. George Bush, to endorse their cause. Now Mr. Clinton has done it when normality has returned to Punjab. That there is not a single reference to terrorism in either of Mr. Clinton's letters suggests that this administration does not even care to pretend there is some balance when it refers to the internal situation in India.

New Delhi has until now shown great restraint in reacting to the provocations from Washington. Such restraint and the attempts to sincerely engage American concerns on human rights have obviously no value.

India Seen as Market

94AS0195B Madras *THE HINDU* in English 26 Jan 94 p 9

[Article by C. Raja Mohan: "U.S. Sees India as a Big Emerging Market"]

[Text] Washington, Jan. 25—The Clinton Administration continues to send mixed signals to India. Even as the White House puts out letters signed by the U.S. President, Mr. Bill Clinton, with remarks on Kashmir, Punjab and human rights that are needlessly offensive to India, senior economic policy makers in the administration are pointing out the emerging economic opportunities in India and the absence of a political initiative in Washington to consolidate these opportunities.

The U.S. Under Secretary of Commerce for International Trade, Mr. Jeffrey E. Garten has said that as the economic reform gathers momentum, India may be "in a position to provide significant commercial opportunities for U.S. firms throughout the 1990s.

Addressing the American Foreign Policy Association in New York late last week, Mr. Garten expressed the hope of the Clinton Administration to "develop a more regular, higher profile commercial policy dialogue with India in the future."

Larger strategic framework: Mr. Garten's reference to India was part of a larger strategic framework being developed by the U.S. Commerce Department to engage the "big emerging markets" (BEMs), such as China, Indonesia, South Korea, India, Turkey, South Africa, Poland, Argentina, Brazil and Mexico. Although Japan and Western Europe are likely to remain the biggest markets for the United States, Mr. Garten suggests that the "big emerging markets," hold—far more promise for large incremental gains in exports." He estimates that nearly three-fourths of the growth in world trade in the next two decades is likely to take place in the developing world—much of it occurring in the big emerging markets. The BEMs are likely to double their share in world GDP in that time, to 20 percent from today's 10 percent. By the year 2010, according to Mr. Garten, the share of

the BEMs in world imports is likely to exceed that of Japan and the European Union combined.

Talking of the new commercial opportunities in India, Mr. Garten has urged the reinvigoration of "dormant U.S.-Indian Government-to-Government economic and commercial forums, and encourage the involvement of business groups." In a reference to the Indian expatriate community in the United States, Mr. Garten believes that the U.S. business community and the Government should find ways of working with them, "whose familiarity and ties with India would be invaluable." The expanded Indo-U.S. commercial dialogue, according to Mr. Garten, should cover not only issues such as intellectual property rights, workers rights, and market access, but also procedures for export financing and export licensing.

The U.S. Commerce Department, which is laying the ground for a comprehensive commercial initiative towards the BEMs, believes that the advanced industrial nations may have to compete fiercely for a share of these markets. Mr. Garten notes that since the Indian economic reforms began, top European leaders have visited India to pursue enhanced commercial ties. He also records that the Prime Minister, Mr. P.V. Narasimha Rao, has travelled to Germany, Japan, France, and South Korea with a "commercial agenda in hand." Mr. Garten notes that "America has been conspicuously absent from this flow." He insists "this must change."

The incipient American strategy towards the BEMs understands the need for "deft balancing" of commercial and foreign policy considerations. The close coexistence of commercial opportunities with the problems of "human rights, worker rights, nuclear non-proliferation, and violations of intellectual property rights," poses difficult policy dilemmas. Mr. Garten recognises the independent political aspirations of these countries, who "often effectively challenge U.S. policies in multi-lateral organisations, such as the IMF, GATT and the United Nations."

Voices beginning to be heard: The inability of the South Asia Bureau in the U.S. State Department to find that appropriate balance between different American interests in India that has brought the high expectations just a year ago on Indo-U.S. relations crashing down. It has been stuck with the tiresome agenda of human rights, preventive diplomacy on Kashmir, and non-proliferation, without any reference to the larger economic opportunities for the United States, that are emerging not only in India, but also in other parts of the Sub-Continent. The letter-writing from the White House has not helped either. But other voices in the Clinton administration, most notably the Commerce Department, are at least beginning to be heard.

It may be recalled that the announcement of the Prime Minister's visit to the United States early this year came from Ms. Joan Spero, U.S. Under Secretary of State for Economic and Agricultural Affairs. Ms. Spero was putting Mr. Rao's visit in the context of the new emphasis in Washington on economic diplomacy. It may yet be

possible that the U.S. policy towards India could get a better balance, as the Clinton administration sorts out the current chaos in its foreign policymaking.

PTI reports from Delhi:

Additional access to Indian garments: The United States has agreed to accord additional access of about 40 million square metres over and above the notional level of about 500 million square metres for Indian garments in the current calendar year under the new Indo-U.S. textile agreement.

Both the countries signed an agreement on Saturday last in Washington, after three days of intense negotiations, an official release said today.

For other cotton made-ups, including hand-loom made-ups, an enhanced 115 percent had been provided, which is of the order of 13 million square metres.

For pajamas and nightwears, gent's jackets, which were under unilateral specific limit have now been shifted to Group I with bilaterally agreed specific limit. Similarly, items under category 338/339 (cotton T-shirts), category 315 (twills), category 326 (satins) which were hitherto covered by Group II limit have also been shifted to Group I with specific limit. In the case of category 351/651 and category 334/634, improvement of 15 percent had been provided and in the case of 338/639, an uplift of 50 percent have been provided.

Human Rights Issue

94AS0195C Madras THE HINDU in English 26 Jan 94 p 1

[Article by C. Raja Mohan: "U.S. Harps on Human Rights Violation"]

[Text] Washington, Jan. 25—The Indian Ambassador to the United States, Mr. Siddharth Shankar Ray, has conveyed to the Clinton Administration, New Delhi's concern over the series of negative pronouncements on Kashmir, Punjab and human rights that have emanated from the highest political level in Washington. The Ambassador yesterday told the Assistant Secretary of State for South Asian Affairs, Ms. Robin Raphel, of the larger negative impact of these statements on the bilateral relations.

India had instructed Mr. Ray to convey its unhappiness with the turn of events in Washington, in particular the recent letters of the U.S. President, Mr. Bill Clinton, to supporters of secessionist movement in Kashmir and Punjab.

U.S. deeply troubled: In a separate development, the Clinton Administration has informed the U.S. Congress that it is pressing India "to strengthen the recently formed Human Rights Commission, prosecute human rights violators, and allow access to Kashmir by human rights monitoring groups, particularly the International Committee of the Red Cross." Responding to concerns expressed in the U.S. Congress about human rights violations in Kashmir, the U.S. State Department has

said that it is "deeply troubled" by the reports of human rights abuses in Kashmir, "both by Indian security forces and by militant groups."

In a letter to Mr. Tom Lantos, the chairman of the Congressional Human Rights Caucus, the Assistant Secretary of State for Legislative Affairs, Ms. Wendy R. Sherman, said the Clinton Administration had regularly raised human rights concerns with the Indian officials "as part of an intensified dialogue on human rights, urging them to bring an end to such abuses." The letter sent in late December was made available today to correspondents here.

Patronising tone: The formulations in the letter reflect attempts in the recent weeks by the State Department to make the administration's articulation of Kashmir policy less offensive. But it is well short of amounting to a fair position on the Kashmir issue. The positive reference to Indian democratic tradition is marred by the patronising tone of the letter: "India is a democratic State with the capacity to reform itself, and we will continue to encourage this process at every opportunity."

For once, the administration acknowledges, in the letter to Mr. Lantos, the linkage between the insurgency and the human rights situation in Kashmir and it notes that Washington has "urged all parties involved to resolve their differences peacefully and abstain from violence." But by equating the responsibility of the Indian State to restore law and order and protect innocent citizens from the ravages of militancy in Kashmir with the terrorist violence sponsored by Pakistan, the formulation slips into the by now familiar diplomatic sleight of hand.

Standard formulation: The letter from the State Department also reiterates the now standard American formulation on resolving the Kashmir problem: "We believe the resolution of the Kashmir problem can be best achieved through negotiations between India and Pakistan, taking into account the wishes of the people of Kashmir." The State Department has clarified in the recent past that the reference to the wishes of the people of Kashmir, does not imply a support to the notion of the self-determination, it is only a recognition of the practical necessity of making any Indo-Pakistan agreement on Kashmir acceptable to the people of Kashmir.

The administration also indicated that it does not favour the plebiscite or any other particular procedure for ascertaining the wishes of the Kashmiri people. It suggested that the procedure could be decided within the framework of Indo-Pakistan negotiations. These verbal gymnastics, however, do not obfuscate the fact that the Clinton administration has gone far beyond the fair position outlined by the Bush administration in 1990 favouring the Simla agreement as the means of resolving the Indo-Pakistan dispute over Kashmir. Nor does it hide the ill-advised posture of activism and intervention in Kashmir adopted by the Clinton administration.

Washington is also yet to recognise that its activism has complicated the Indian efforts to initiate a political process in Jammu and Kashmir. The American rhetoric on human rights and Kashmir along with signals of White House support for secessionist groups has generated strong illusions among the militants in Kashmir and the political establishment in Pakistan that Washington will be able to deliver through international diplomatic action, what they have not been able to achieve on the battlefield.

Kashmiri Pandits' plea: The lack of balance in the Clinton Administration's position on Kashmir was the main theme that a delegation of Kashmiri Pandits based in the United States sought to present. Ms. Robin Raphel, who saw them yesterday. The group from the Indo-American Kashmir Forum [IAKF] drew the attention of the State Department to the plight of their community, and called on the United States to take a more even-handed approach to the Kashmir problem. They also told Ms. Raphel that "any tilt or even the perception of a tilt towards one party or the other will effectively erode the role the United States can play and should play in resolving the Kashmir problem."

The group of Kashmiri Pandits, who support the creation of a Union territory within the Kashmir valley for their community, have called on the United States "to publicly identify Kashmir Pandits as a party to the dispute and settlement in Kashmir." In a press conference yesterday, the IAKF said Ms. Raphel assured them that the U.S. is fully aware of the complexity of the Kashmir issue, and has no intention of being one-sided in its approach. The IAKF is also intensifying the efforts of the Kashmiri Pandits in the United States to present their case to the Congressmen and familiarise them with the dimensions of the Kashmir problem that have been barely noticed, let alone understood in the United States.

To the extent that the complexity of the Kashmir problem can be brought before the American public such lobbying effort may have some value. But it will be tragic if different sections of the people of Jammu and Kashmir begin to believe in the illusion that the road to peace in Kashmir runs through Washington. Neither the letter writing by Mr. Clinton, nor the human rights cacophony from the U.S. Congress can bring peace to Kashmir. It has not so far in Bosnia. Only a democratic political process within the framework of the Indian Union can restore peace and tranquillity to the State of Jammu and Kashmir.

Congressmen's assurance

UNI, PTI report:

Meanwhile, the Republican Party Congressmen—Mr. Jim Ramstad and Mr. Rodney Grams—have agreed to take up the Pandits' case and promised to help arrange a special Congressional hearing to highlight their plight.

Papers Report, Comment on Talks With Pakistan

Pakistani Suggestions

94AS0194A Madras THE HINDU in English 20 Jan 94 p 1

[Article by K.K. Katyal: "Pakistan Terms for Talks Rejected"; quotation marks as published]

[Text] New Delhi, Jan. 19—India today rejected—in forceful, categorical terms—Pakistan's suggestion for the future bilateral talks focussing on "modalities for the holding of plebiscite in Jammu and Kashmir [J & K]." Pakistan's plea contained in a non-paper given to the Indian High Commissioner in Islamabad yesterday, was seen as a restatement of the pre-conditions for continuing the dialogue, raised at the foreign secretary-level talks earlier this month.

India, however, reiterated its readiness to discuss with Pakistan all issues pertaining to bilateral relations in accordance with the commitments and mutual obligations of the two countries under the Shimla Agreement.

In a statement, the Foreign Office spokesman here dealt with the plebiscite issue thus: "India categorically states once again that Jammu and Kashmir is an integral part of India. The question or the need for conducting any plebiscite in any part of India including in the State of Jammu and Kashmir simply does not arise. The people of the State of Jammu and Kashmir have exercised their democratic rights repeatedly as people in other parts of India, unlike the case in Pakistan Occupied Kashmir and what Pakistan has labelled as 'Northern Areas'.

Apart from plebiscite modalities, Pakistan, in another non-paper, dealt with "measures required to create a propitious climate for peaceful solution of the Jammu and Kashmir dispute and other issues." The Indian statement regretted that Pakistan was attempting "through their propaganda exercise to obfuscate the realities of the situation in Jammu and Kashmir.

India drew attention to three points. One, the violence in Jammu and Kashmir was being perpetrated with the connivance and active support of Pakistan. Two, the government had the will and commitment to counter terrorism, while continuing efforts to enable the people of Jammu and Kashmir to exercise their democratic rights. Three, the level of security forces deployed in the State corresponded to the level of violence created by the militants; cross-border terrorism was a major concern of the government and a hurdle in India-Pakistan relations.

Pak. support to militants: Dealing with Pakistan's involvement in terrorist violence, the statement said: "There is a climate of violence in which the people of Jammu and Kashmir have had to live through in the recent period. This violence is being generated by militants and foreign mercenaries who have been trained and equipped on Pakistani soil and who have infiltrated into India with the connivance and active support of Pakistan, with the sole objective of eroding the territorial integrity and political stability of

India. We have repeatedly called upon Pakistan to desist from sponsoring trans-border terrorism which contravenes the very basic norms of inter-State conduct and good-neighbourly relations."

The resolve to counter the designs of militants was reiterated in the following words: "While the Government's endeavour continues to be to provide full opportunities for the people of Jammu and Kashmir to exercise their democratic rights and no efforts which could lead to this process is out of consideration, we will not spare any effort to oppose any moves directed against the country's unity and territorial integrity. Pakistan should not have any doubt whatsoever on this score."

Setback in talks: The process, set in motion by the talks by the two foreign secretaries, Mr. J.N. Dixit, and Mr. Shahryar Khan, suffered a setback, as a result of Pakistan's stand, as conveyed through the non-papers. The copies of the two documents were given to Mr. Dixit by the Pakistan High Commissioner here, Mr. Riaz Khokhar, yesterday. The first reaction of Mr. Dixit was reflected by a query regarding Pakistan's intentions. The contents of the Pakistani non-papers served to harden India's stand. This was evident, apart from the tone of today's statement, by the absence of any reference to the six proposals, intended to be submitted by India to give a positive twist to bilateral ties.

According to Pakistani sources, the door for negotiations had not been closed and that Islamabad continued to be interested in a dialogue and wanted the environments to be improved for this purpose. Pakistan, perhaps, would like the Kashmiri leaders like Mr. Abdul Ghani Lone and Syed Ali Shah Gilani to be released to create proper atmosphere.

At the Islamabad meeting, the initiative was with India, as Mr. Dixit promised to submit proposals on six subjects including nuclear non-proliferation, other confidence-building measures [CBM], stabilisation of the Line of Control [LoC] in Jammu and Kashmir. The rationale was clear—that the two sides try to foster confidence and mutual trust, as they engage themselves in substantive discussions on Jammu and Kashmir. Because of the sensitive nature of these subjects, there was no escape from intensive internal discussions by the External Affairs Ministry and other concerned ministries. This exercise took time, but the package was getting a final shape. On nuclear nonproliferation, for instance, India intended proposing expansion of the existing treaty on non-attack on nuclear facilities, with a provision, among other things, for observers to watch the functioning of nuclear reactors in the two countries. The two non-papers, perhaps, represented Pakistan's bid to wrest the initiative from India.

It would be a pity if the advance, represented by the newly-resumed dialogue, was allowed to peter out. It was worth preserving and building upon. Despite harsh words, the two sides had not given up the path of negotiations.

Proposals to Pakistan

94AS0194B Madras *THE HINDU* in English 25 Jan 94 p 1

[Article by K.K. Katyal: "Six Proposals Submitted to Pakistan"; quotation marks as published]

[Text] New Delhi, Jan. 24—Keeping up its initiative, India today conveyed to Pakistan the promised proposals on six sensitive subjects, including Siachen, stabilisation of the Line of Control in Jammu and Kashmir, and confidence-building measures in the nuclear field, as part of a normal, practical approach intended to be adopted in the bilateral field.

The Foreign Secretary, Mr. J.N. Dixit, handed over six non-papers containing the proposals to the Pakistan High Commissioner, Mr. Riaz Khokhar, this evening. India, Mr. Dixit told the High Commissioner, had structured these proposals after serious deliberations and the initiative was neither empty propaganda nor an attempt to lay pre-conditions for continuing the dialogue.

The other subjects covered by the non-papers are: Sir Creek and delimitation of the maritime boundary, Tulbul navigation project and activation of the committees, set up within the framework of the Joint Commission, in July 1989 at Islamabad. India was represented at the Joint Commission meeting, which followed the then Prime Minister, Rajiv Gandhi's visit to Pakistan, by Mr. P.V. Narasimha Rao, the then External Affairs Minister.

The nuclear continental ballistic missile, contained in today's proposals, envisage extension of the existing agreement on non-attack at each other's nuclear facilities to cover non-attack on population centres and economic targets and to provide for non-first use of nuclear capabilities.

This was a small step in the bilateral context but there was nothing to preclude its extension to cover other countries which might choose to adhere to these provisions.

To ensure effective communication especially at times of crises, India suggested conversion of the present hotline between the Directors-General of Military Operations into a secure and dedicated link, coupled with fax facilities.

Siachen: As regards Siachen, India re-conveyed its willingness to accept the agreement reached in 1992 (which could not be implemented because of technical wrangles). Under it, both sides were to disengage from authenticated positions held presently, and leave the delimitation of the Line of Control beyond NJ 9842 to a joint commission. The immediate objective was to ensure peace and tranquillity in the area without prejudice to each other's positions.

'A positive signal': Today's formulation on Siachen was, perhaps, not different from the one agreed upon by the Defence Secretaries of the two countries towards the end of 1992. India's acceptance of that agreement now was seen as a positive signal which was not possible then because of the domestic political situation. Pakistan did

not want the "Actual Ground Positions Line" (AGPL) to be mentioned in any document lest India should use it in support of its claim to hold the territory acquired "through aggression." It should be possible to get over this objection, so goes the Indian argument, by inserting the words "without prejudice to each other's positions."

India occupied all the commanding heights along what, according to it, should be the Line of Control—along the Saltoro ridge, following the internationally-accepted watershed principle for delineating boundaries. The area was relatively quiet, with the cases of firing on the decline. India would like Pakistan to appreciate the significance of New Delhi's gesture—made at a time when it had a decisive advantage.

LoC in J & K: Perhaps, the most comprehensive was the non-paper on maintaining peace and tranquillity along the Line of Control in Jammu and Kashmir. It was virtually a full-fledged draft agreement, with its ten clauses dealing with all aspects—violation of the line, trans-border infiltration and the like. It followed the format of the Sino-Indian arrangement for a tension-free border but was firmer and clearer. That was because, contrary to the Sino-Indian border, the two sides do not differ on how the Line of Control runs in Jammu and Kashmir. This proposal also envisaged an institutional mechanism to monitor and suitably deal with cases of violation of the agreed steps. That mechanism could also be used to ensure compliance with the provisions of the existing agreements, like the one on the prior notice of the movement of troops in the border areas (which, in actual practices, had not been fully adhered to).

The Sir Creek imbroglio was sought to be resolved by separating its two components—the border on the ground, which could be resolved later, and maritime boundary, for which a detailed delineation formula had been spelt out.

No reference to forces: There was no reference to re-deployment or reduction of forces along the LoC in Jammu and Kashmir, as demanded by Pakistan. According to the oft-explained Indian stand, the force level would be in proportion to the degree of infiltration or interference from the other side. By implications, India could discuss re-deployment in case of decline in the activities against its territorial integrity.

While the proposals on Siachen and Sir Creek, were, more or less, on the lines already agreed upon, the formulation on other issues, according to officials, marked a forward movement by India. That was particularly the case in regard to the nuclear CBMs. India could not compromise on its opposition to the nuclear non-proliferation treaty nor accept the proposal for a five-nation conference for a nuclear-free South Asia, as suggested by the United States. Subject to these reservations, it had offered non-proliferation steps in the bilateral context—in keeping with the concerns mentioned during its dialogues with industrialised countries. But there was nothing to suggest that India would accept the "capping, freezing and rolling

back" sequence suggested by the United States and others in regard to its nuclear capabilities.

Pakistan Disappointed

94AS0194C Madras THE HINDU in English 27 Jan 94 p 1

[Article by P.S. Suryanarayana: "Pakistan Still Cool to India's Proposals"]

[Text] Islamabad, Jan. 26—Pakistan today expressed "disappointment" that India's latest proposals, aimed at taking the bilateral process of dialogue forward, "do not address what we (Pakistanis) regard as the fundamental and core problems in Kashmir."

Outlining their "immediate reaction" to, and "preliminary views" on these proposals, the Pakistan Foreign Secretary, Mr. Shahryar M. Khan, told reporters here that India's "non-papers" on as many as six separate issues "miss the point" at stake, "beg the question" in focus or merely "address the peripheral" aspects of the primary issues.

Making it clear that Pakistan would express its "considered" comments on the proposals, Mr. Shahryar Khan said "none of these non-papers, in our preliminary view, really goes to the depth of the two crucial issues" regarding which Islamabad had recently made its own proposals. These related to the modalities of holding a plebiscite in Jammu and Kashmir and "visible steps to stop (India's alleged) repression and human rights violations" there.

It was within these Pakistani norms of judgment that Mr. Shahryar Khan saw India's proposal on converting the line of control in Jammu and Kashmir into a line of peace and tranquillity as suggestion for "a kind of mechanical agreement which would seem to be missing the point" that India was, in mooted this formula, "virtually asking us to accept the status quo on the line of control." Pakistan had already "indicated that this is not acceptable to it," he said.

Real reason for tension: "The real reason for tension along the line of control," which India was now seeking to address, was its "repression" in Jammu and Kashmir, he said. India should take cognisance of this linkage, he argued, but indicated that Pakistan would, nevertheless, undertake "a careful consideration" of the proposal regarding the line of control and "react some time later."

On the proposal regarding a bilateral ban on the first resort to a nuclear-weapons strike against each other, he said: "This proposal, in our view, begs the question. We are not nuclear powers. To have an agreement not to strike first is a basic contradiction in terms."

Dismissing this proposal as an exercise at window-dressing and an essentially "peripheral" aspect of the relations between the two countries, he said India was silent on crucial issues such as "the control of weapons of mass destruction, or the control of ballistic missiles being manufactured indigenously in India or the control

of fissile materials being produced." The proposal "does not come to grips with the real issue of regional non-proliferation," he said.

No contradiction: Asked why Pakistan should shoot down the proposal for a bilateral ban on a nuclear first-strike, especially in the context of Islamabad's concern regarding the need to control India's production of fissile materials and indigenous ballistic missiles, Mr. Shahryar Khan said: "There is no contradiction." While, according to him, the proposal was based on the assumption that Pakistan was in possession of nuclear weapons, Islamabad's concern regarding "other issues such as fissile materials and ballistic missiles" should be seen in the context of "preventing (India) getting there," meaning the acquisition of a nuclear arms delivery system.

To a question whether Islamabad's views against an Indo-Pakistan ban on a nuclear first-strike did not reflect his own assumption that both countries were not nuclear powers, he said: "India has exploded a nuclear device (in 1974). Its capability is a matter of conjecture."

At this point, the official spokesman, who was also present, intervened to say that Pakistan had not exploded any nuclear device and that India's proposal was founded on "a presumption" that Pakistan was a nuclear power. What would be, however, acceptable to Pakistan, the spokesman indicated, was any proposal implying a unilateral commitment by India to desist from a nuclear first-strike against them in these circumstances.

"Only an Update": Mr. Shahryar Khan, referring to what he described as India's proposals on "technical issues" relating to the Siachen, Sir Creek and Wular barrage questions, said India had merely presented "an update on the state of negotiations." Even in this sense, the "non-papers" in this regard were not reflective of the "consensus" already reached by the two sides. The "points at which the bilateral negotiations were left off (on these issues) have not been accurately reflected," he said. He also said Pakistan would study these and other proposals seriously, despite Islamabad's view that India might have presently tried to draw a red herring of proposals across the tracks of the international community to "deflect and divert attention" away from the core issue of Kashmir's political status.

While Pakistan's initial reaction might suggest that it finds itself in no position to reject the proposals outright, diplomatic sources here said the reason could be traced to India's exercise at presenting Islamabad with draft agreements in certain respects.

The sources draw attention to the proposals regarding peace and tranquillity on the line of control. It is said that India's prescription of maintaining peace "without prejudice to the known positions of the two countries" on the fundamental Kashmir issue can be seen as a draft accord which would not transform the existing line of control into a *de jure* boundary between the two countries.

On the proposals regarding confidence-building measures, including a bilateral ban on a nuclear first-strike, the sources said Pakistan's willingness to consider them, despite its reservation regarding the nuclear-security status of India, could perhaps be seen in the context of India's parallel suggestions forbidding each side from launching a conventional attack on the other's economic targets and population centres.

As for "the technical issues," India had suggested "immediate talks" on the Siachen issue in the light of its "specific" ground details regarding disengagement and redeployment of troops on either side. On the Sir Creek issue, it had outlined the "principles" of a possible agreement, while the technical draft of an agreement on Tulbul had also been presented.

Pakistan Uses Rockets Fitted With Time Bombs

94AS0191H Hyderabad DECCAN CHRONICLE
in English 26 Jan 94 p 1

[Text] Jammu, Jan. 25 (UNI)—Pakistani troops fired five rockets fitted with time bombs in Poonch areas bordering Pakistan-occupied Kashmir on Tuesday.

Official reports here said two rockets fell in Betar Nullah on the outskirts of Poonch town and three exploded at two different places around the positions of security forces. However, there was no casualty.

The firing of time bombs with rockets is a new phenomenon in the Poonch-Rajouri areas near the Line of Control. Experts say that time bombs are thrown with rockets having solar batteries which are charged by sun. The bombs explode at fixed time.

Since last week in Poonch-Rajouri areas, about 45 such rocket bombs exploded at various places. But these did not cause any casualty as almost all of these rocket bombs landed in deserted areas.

The Governor, Gen. (Retd) K.V. Krishna Rao, on Tuesday accused Pakistan of actively aiding and abetting terrorism in Jammu and Kashmir.

In his message to people on the eve of Republic Day, Gen. Krishna Rao said that Pakistan and militant outfits have been propagating merger of the State with Pakistan or independence, which were illusory objectives.

He said that Pakistan has not only instigated, trained and armed the Kashmiri youth to indulge in subversion and sabotage.

The Governor has ordered the release of 167 detainees on the eve of Republic Day, while the security forces apprehended 20 militants in the Valley during the period, an official spokesman said.

Meanwhile, intermittent firing by Pakistani troops at Indian posts in forward areas near the Line of Control continued. Three civilians were injured in the firing during the past week.

Two people were injured in Poonch district and one in the Chamb sector of Jammu district on Monday, when Pakistani troops fired from across the Line of Control.

Security forces have stepped up vigil along the Line of Control following reports that Pakistan's Inter-Services Intelligence (ISI) has planned massive infiltration of Afghan mercenaries who are trained in guerilla warfare and subversive activities.

The security forces have successfully foiled another attempt of Pakistani troops to push fresh groups of militants into Poonch and Rajouri areas for escalation of violence in the State.

Srinagar: A red alert has been sounded in the Kashmir Valley in view of the militant threat to disrupt the Republic Day functions, while two militants and a security personnel were among 10 people killed during the past 24 hours.

Militants lobbed a hand-grenade on a Border Security Force (BSF) guard at Chadoora bridge injuring three personnel, one of them died in the Army Hospital.

One militant was killed in an encounter with the security forces during search operations. Two more militants were nabbed and arms and ammunition, including two AK 56 rifles, one universal machine gun, one rocket were recovered.

Meanwhile, day curfew in Kishtwar town of Doda district in the Jammu region was lifted on Tuesday following improvement in the overall situation.

Curfew was imposed on Saturday last following the killing of two people by militants in Dool area, which had caused tension in Kishtwar and other adjoining areas.

Indo-Bangladesh Coordination Panel Meets

94AS0191L Bombay *THE TIMES OF INDIA* in English 13 Jan 94 p 13

[Text] New Delhi, Jan 12 (PTI)—India and Bangladesh today agreed to delineate 50 km of their undemarcated border at the earliest.

This was the major outcome of the Indo-Bangladesh coordination meeting at the level of the director-general of the Border Security Force [BSE].

However, no significant progress was reported on the dispute in the Muhurichar area.

A press release issued by the BSE said the surveyors general of the two countries would now be asked to take up the job of demarcation of the 50-km stretch of the border.

On the dispute in the Muhurichar area, India took the stand that on the basis of the Indo-Bangladesh agreement of 1974, the boundary in the area ran along the course of the Muhuri River.

The Bangladesh delegation insisted that cultivation on the Indian side should be stopped.

The Indian side reiterate that the agreement between the two countries related to the alignment of the border and not utilisation of land on either side. It was nevertheless, agreed that the security forces of both sides should exercise utmost restraint in the area.

The two sides agreed that the repair work and maintenance of boundary pillars along the international border should be taken over by their security forces.

Japanese Minister's Remarks Surprise Delhi

94AS0191C Madras *THE HINDU* in English 26 Jan 94 p 9

[Text] New Delhi, Jan. 25—A visiting Japanese Minister, Mr. Shozo Azuma, today surprised his hosts by adopting positions on key political issues of concern to this country that can only be described as unthinking, uninformed, and shorn of nuances and complexities.

The Japanese Parliamentary Vice Minister for Foreign Affairs, the counterpart of a Minister of State here, is the first Minister from his country to come here after the Prime Minister, Mr. P.V. Narasimha Rao, went to Tokyo two years ago.

Considering this, his rough-edged articulations on major political questions raised eyebrows even higher as these were accompanied by constant references to Japan's Overseas Development Assistance (ODA) Charter which stipulates that Japanese aid should be related to the level of arms expenditure of the recipient country, proscribing of weapons of mass destruction, conforming to (west-defined) human rights, and adherence to the market economy.

These are known principles and were ratified by Japanese Parliament two years ago. It is their juxtaposition with a prickly presentation on sensitive issues straight out of a written-down, prepared brief that tended to cause dismay here.

The surprise caused by Mr. Azuma's understanding of key issues like the nuclear non-proliferation treaty (NPT), Kashmir, human rights, missile proliferation and India-Pakistan relations—on each of which this country is engaged in delicate and difficult dialogue with the United States other major powers, as well as Pakistan—was all the greater as only eight days ago in Tokyo, Japan had adopted a restrained approach on these questions during the India-Japan bilateral talks on nuclear and disarmament issues.

The External Affairs Minister, Mr. Dinesh Singh, is reported to have done some plain speaking, reminding Mr. Azuma that Japan had been a victim of nuclear attack. As such, it occasioned surprise to see a Minister from that country taking a position that permits nuclear weapons to be institutionalised in the hands of a few countries while denying it to others.

Mr. Singh is also believed to have displayed some impatience with Mr. Azuma's presentation on the Kashmir question. Official circles suggest that the visiting Minister was informally told that if Japan accepted the position that people's wishes should be ascertained in Kashmir—euphemism for plebiscite that Pakistan has now begun talking about stridently—it should be prepared for a similar exercise in the Northern Territories that lie in dispute between Japan and Russia. In that event the region was most likely to lapse to Japan's neighbour to the north.

Of course, a section of the officialdom took the charitable view that Mr. Azuma was a first-time Minister not quite familiar with the ground on which he chose to tread.

The Japanese Minister arrived here for three days yesterday on the last swing of a goodwill tour of nine countries in Africa and Asia, including Nepal and Pakistan. Today he called on the President, Dr. Shankar Dayal Sharma, the Finance Minister, Dr. Manmohan Singh, besides the External Affairs Minister.

Interestingly, he preferred to dwell more on politics than economics even in his meeting with the Finance Minister. During his several meetings he was informed of India's latest discussions, and detailed offer of talks, with Pakistan. At the end of it, it is understood he appreciated the complexity of the situation, sources noted.

Arun Nehru Writes on Future Challenges

94AS0191A Madras THE HINDU in English 23 Dec 93 p 8

[Article by Arun Nehru: "The Challenges Ahead"]

[Text] In a few days the new year will commence and with it there will be new challenges and opportunities. We are a nation of 900 million people, living in an age where unprecedented changes have taken place and like other large populated countries such as China we have to find the "Indian remedy" to play a more meaningful part in global affairs. The last few years have been traumatic and the changes, both political and economic, in the global order mean a realistic change in our political and economic thinking. It would be fatal to delink the two or to think that we can take an isolated stand on global issues. There are no simplistic solutions, no magic formulae; hard assessments and firm decisions will be necessary.

The break-up of the Soviet Union, the winds of change in Eastern Europe to a democratic system, the growing problems and the great economic hardship in Cuba and North Korea, the emergence of the United States as the sole superpower, must necessarily mean new political alignments. There are no premiums on conflicts, and it should be no surprise that peace, economic development and prosperity will be the challenges of the future. We have peace in South Africa. Both Mr. de Klerk and Mr. Nelson Mandela richly deserve the Nobel Peace Prize. We have peace in West Asia, the PLO and Israel, North

and South Korea are talking; the British Government is looking towards the end of the conflict in Ireland.

On the economic front we have witnessed the emergence of large trading blocs. The United States, Canada and Mexico have taken a significant step forward on NAFTA (North American Free Trade Agreement). The European concept of a single entity is slowly but surely becoming a reality. Japan and the Pacific rim are becoming areas of high growth and prosperity. China has emerged as a major economic power. At the same time cyclic changes and a "peaceful environment" have created a recession in the developed nations. The economic chaos in Russia and the new States, the monetary crisis in Eastern Europe, the perilous situation in Africa, and the Third World living on borrowed funds, are all looking for better days. All economic indicators are showing that the future lies in Asia—the Chinese economy is booming, so is Malaysia, Indonesia and Singapore. Japan despite a recession continues to generate record surpluses. In a difficult situation it is only natural that economic reform and the dismantling of controls will be the objective of the developing reforms. Investigation in the current recession will only flow to high growth areas. The U.S. President, Mr. Clinton's success on NAFTA made it almost certain that the agreement on GATT would follow and despite the usual brinkmanship to satisfy local political pressures, the agreement was signed. The Third World will sadly suffer and suffer because its economic clout is minimal. In the future there will be furious competition to draw investments from financial institutions and countries. India will compete with the others for its share and it will not be easy.

India's relevance as a political power and an economic entity is being closely monitored by the global community and future success and failure will largely be determined by our own internal strength and achievement. Self-reliance was the slogan and the driving point of Panditji's policy and it is with gratitude that we must acknowledge that the cumulative wisdom of our past leaders has provided us with the infrastructure to deal with the future not only in terms of industrial capacity but also in the creation of the world's third largest technical manpower. Comparisons are unfair, but perhaps it would be relevant to mention that China has never indulged in vilification of its past. The reform process did not follow the World Bank manual but rather relied on a "local formula" for implementation. The world today is seeking China both for investment and trading. China with its population and industrial growth will be one of the largest consuming countries for a variety of products. The key factor in its success was that reforms benefited the vast majority of its population.

The world and the business community look towards India for political stability for its existing Government and more important for a continuation of its democratic structure. Military dictatorships and totalitarian regimes have a tendency to give an impression of firmness and stability, but in the long term tend to degenerate into a chaotic and uncertain future. The past decade in India has not been an easy one. We have witnessed two tragic

assassinations. We have seen the forces of caste and religion dominate our electoral stage. We have witnessed serious law and order situations. We have seen four Governments come and go. We have survived all these traumas and it is to the credit of our people that they have continuously reaffirmed their adherence to democratic institutions and to a secular future.

To predict national trends for the general elections on the basis of current election results will require the services of an eminent astrologer. The possibility of mid-term elections is now no longer a reality after the recent events. The Congress(I), generally expected to do little, won handsomely in Madhya Pradesh and Himachal. The BJP [Bharatiya Janata Party] after the dismissal of its Government was expected to retain the States where it was in power and it was tactically natural for it to fight a high profile election and advance its claims for the general elections. The loss in Madhya Pradesh and Himachal was a disaster, but the failure to form a Government in Uttar Pradesh, was calamitous. In Rajasthan it barely won. The Delhi victory was spectacular. The Janata Dal predictably simply ceased to exist.

On the surface the Congress(I) and the Prime Minister are the big winners. The BJP has suffered a serious setback, and the Janata Dal is hurting towards self destruction. The regional forces gaining firm roots in Tamil Nadu, Andhra Pradesh, the North-East, Bihar and Orissa have made a historic gain with Uttar Pradesh and Mr. Mulayam Singh. Between 1994 and the general elections there will be State elections in Andhra Pradesh, Karnataka and Bihar. To predict winners and losers at this stage would be presumptuous. The policy initiatives however cannot be put off as a strategy for the future must evolve.

The Congress(I) and the Prime Minister will have to determine if the party is strong enough to emerge with a simple majority. Both in 1989 and 1991 the dismal results in Uttar Pradesh and Bihar denied the party the success it sought and the position there now is perilous. An alliance with Mr. Mulayam Singh or Mr. Lallu Yadav may work in the short term but the future implications could be catastrophic. Ram Manohar Lohia prevailing over the Nehruvian concept could have a snow-balling effect. The Congress traditionally looks to the future. The Congress(I) became the Congress(R) when Rajiv Gandhi became Prime Minister and now it is Congress (PVNR) [P.V. Narasimha Rao]. Sheer logic indicates that the Prime Minister would have to pursue an independent course of action if he is to lead the party in 1996 and avoid dissident activity in the immediate future. The failure in Uttar Pradesh cannot be attributed to the Prime Minister, but the coming Andhra Assembly elections will be a key factor in determining his capacity to lead.

The Janata Dal will claim all-India status but is primarily confined to Orissa and Bihar, both States run by charismatic leaders who will now ponder over their future course of action. The party has ceased to exist in Uttar Pradesh and in the coming months the party or what is left of it will continue to splinter. Mr. Ajit Singh

may once again decide to support the Congress(I) in a "principled" stand. The National Front has a bleak future but NTR [N.T. Rama Rao] in Andhra, Mr. Biju Patnaik in Orissa, Mr. Lallu Yadav in Bihar have a strong regional base and will naturally protect their interests. Fortunately the projected caste war has not come about and as the BJP may realise governance is the key issue. Caste and religion in their ugliest proportions have created a limited following. But the vast majority of the electorate have opted for governance and in Uttar Pradesh where the decline, almost total eclipse of the Congress(I) and the Janata Dal has given limited opportunities, the results have been splintered. The biggest State with 85 seats has gone into a state of uncertainty.

The new year is coming and with it must come the optimism of a better and brighter future. The future rests with all of us. We are a nation of 900 millions. We have the ability. We have the talent. We have the determination and will to succeed. The cumulative wisdom of India does not lie in the Cabinet or in the hands of the few. Everyone has a single vote and it is this power that determines victory and defeat. Victory cannot lie in the twin evils of caste and religion. The lessons of history indicate that we were enslaved for a thousand years because of these contradictions. There can be no future for India unless there is economic prosperity and growth. These are the global issues and challenges and it is to this direction that we must channel our vast reservoirs of talent.

Reportage on Election Commission Measures

Seshan on Plans

94AS0192A Bombay THE TIMES OF INDIA
in English 15 Jan 94 p 7

[Text] Bangalore, January 14—The election commission is considering a proposal to limit the number of observers and agents at the polling booths and counting centres to minimise chances of malpractice, the chief election commissioner, Mr T.N. Seshan, said.

Mr Seshan, who began the first of the meetings of regional electoral officers here yesterday, in anticipation of elections due at the end of this year, told reporters that barring the national parties, observers and agents would be allowed into the booths by rotation and only 10 to 15 percent of the agents of independent candidates would be permitted at a time. The presence of a large number of persons when the officials were involved in the nitty-gritty of elections would only be an unnecessary diversion, Mr Seshan said.

The meeting also had on the agenda measures to restrict the "manipulative, muscle and money power of privileged contestants that could affect the prospects of other candidates." This included controlling excessive and ostentatious expenditure and restricting the issue of facilities to the election staff to keep dummy candidates and other irritants at bay.

There would also be a bar on ministers and candidates attending official meetings and any meetings that could influence the officials, as this would only divert attention of the staff during the elections.

Mr Seshan was firm on the issue of the photo-identity cards to voters and said he would brook no excuses from any state government on that. If some state governments complained that they could not afford to spend Rs 100 crores on the cards, his stock answer was, "democracy doesn't come cheap." The deadline for completing the process of issuing identity cards is January 1, 1995. There would be no elections in states where this process is not completed by then, he reiterated.

The process of issuing the cards had been "deliberately" decentralised, and besides the identity and other details of the voter, the card would sport a laser hologram of the state symbol to distinguish the card. The card would be as complete as possible, but the ultimate responsibility of ensuring that the entries were correct was on the voter himself.

On the restriction of the number of vehicles and security provided to candidates, Mr Seshan clarified that it was subject to the needs of the security of the candidate concerned. Restricting the number of candidates to accommodate the "privileged" ones was no solution, and the election commission generally proceeded on the assumption that all candidates were serious candidates. The idea was to convey to the people the seriousness involved in the conduct of elections, he added.

No decision has yet been taken on the use of electronic voting machines, since the government was not in a position to expend Rs 1,000 crores over three years to deploy them nationwide. Besides, the machines have several limitations, which could not be taken care of in the available time.

The southern meeting was to be followed by those of the other five regions, including the central, northern, western, eastern and north-eastern regions in the coming weeks. The agenda for all these would be the same.

Programmes to increase voter-awareness, and all measures to minimise violation of election norms were also considered at the meeting. Asked about the measures to deal with election-day eve malpractices, Mr Seshan said, "If I were to tell you that the entire election process can be finished in one shot, and everything taken care of, it would be stupid on my part."

He stuck to his guns about the orders to political parties on cleaning up the walls and hoardings and removal of posters. "If I am ignored on this, I will bark, I'll bite, I'll shout and fight and do whatever needs doing to be obeyed on this," he warned.

Ban on Weapons, Vehicles

94AS0192B Madras THE HINDU in English 13 Jan 94 p 9

[Text] New Delhi, Jan. 12—The Election Commission has issued fresh instructions for seizing arms and ammunition and checking the movement of authorised vehicles to ensure the smooth and peaceful conduct of elections.

The three-page orders have been issued in the light of the experience gained during the recently held Assembly elections to four Northern States and the Union Territory of Delhi, besides Mizoram.

According to the directions, no new arms licences would be issued during the election period. The police would conduct mopping up operations in the areas infested by anti-social elements, paying special attention to unearthing unlicensed arms and ammunition. The illegal manufacture of firearms would be checked by conducting searches and arresting the persons involved.

Special vigil on the inter-State movement of trucks and other commercial vehicles has also been suggested to prevent smuggling of arms and ammunition and anti-social elements.

All firearms licence holders living in sensitive areas would be asked to deposit their weapons with the district administration for one week from the last date of the withdrawal of candidature. Exception may however be made in genuine.

Responsibility: The District Magistrate and the Superintendent of Police would be personally responsible for ensuring that the exemptions granted were genuine. They would be liable for severe action if any of the licensed arms which were not impounded were found to be misused during elections.

Prohibitory orders banning the carrying of licensed arms would be issued as soon as the election was announced. If, in the opinion of the Director General of Police, there was a real threat to the life and property of any person, he or she should be provided with necessary security. But under no circumstances would he be allowed to carry his own personal firearms or to be accompanied by anyone with firearms.

The orders prohibit the plying of authorised cars and vehicles in a convoy of more than three vehicles. All bigger convoys would be broken up even if they were carrying any Minister of the Central or State Government or any person entitled to any security cover.

Failure to do so would be treated as serious and might lead to cancellation of the poll, the order said.

Assam Rolls Revision

94AS0192C Hyderabad DECCAN CHRONICLE
in English 12 Jan 94 p 12

[Text] New Delhi, Jan 11 (PTI)—Dissatisfied with Assam Government's performance, the Election Commission on Tuesday night ordered a special revision of electoral rolls in 40 Assembly constituencies in Assam with some conditions and a summary revision in the remaining 86 constituencies with January 1 this year as the qualifying date.

The Commission directed once again that *status quo ante* should be restored in respect of those officers working as Electoral Registration Officers [ERO] and Assistant EROs in the 40 Assembly constituencies, who were transferred without prior approval of the Commission.

"The Commission holds these transfers as gross violation of its orders and will consider the work of revision of rolls vitiated unless *status quo ante* is restored," a communication issued by its Secretary, Mr Ram Kishan said.

In another directive, the Commission directed the Central Government to indicate by month end the maximum availability of Central police forces at a time for deployment in 10 States during Assembly elections due from this year-end to March next year making it "unequivocally" clear that it will not bunch several general elections.

The Centre should also indicate the time that would be required for the movement of these forces from one place to another.

"If the reply from government is not received by the stipulated date, the Commission will proceed to take decisions at the appropriate time on the basis of its own information and appreciation of these factors," it said.

Marxist-Leninists Want Closer Ties to Left

94AS0191M Bombay THE TIMES OF INDIA
in English 13 Jan 94 p 6

[Text] Calcutta, January 12—The CPI(M-L) [Communist Party of India—Marxist-Leninist] general secretary, Liberation group, Mr Vinod Mishra, said here yesterday that his party will strive for closer co-operation with the CPM and the CPI [Communist Party of India] in the Hindi belt, particularly in Uttar Pradesh and Bihar, to build up a "Left offensive."

He said this had become necessary as with the Janata Dal in crisis everywhere, the Mulayam Singh government in Uttar Pradesh had become dependent on the Congress. In the circumstances, one could not expect the Mulayam Singh government to oppose the Congress government at the Centre on major issues, like the new economic policy.

At the national plane also, the CPI(M-L) would work unitedly with the Left parties to oppose the "anti-people" policies of the Rao government at the Centre.

The party would participate in the proposed rally by the Left parties in Delhi on April 5 against the Dunkel proposal, he added.

Mr Mishra, however, made it clear that while trying to work unitedly with the CPM and the CPI elsewhere, the CPI(M-L) would continue to oppose the "anti-people" activities of the CPM-led Left Front government in West Bengal. Mr Mishra regretted that corruption had become institutionalised in West Bengal during the 17-year rule of the Left Front government.

Asked if they wanted the Left Front government in West Bengal to go, he replied that they would never like it to be replaced by a Congress or the BJP [Bharatiya Janata Party] government. They will support the Left Front government in the event of any attack on the government by the Centre or communal forces. But they would in no case agree to the CPM's demand that they should give up their criticism of the Left Front government if they wanted to be an ally of the Front.

Mr Mishra said that the CPI(M-L), which held its central committee meeting for three days ending on January 10, had decided that henceforth the Indian People's Front (IPF) an associate body of the party, would no longer be an electoral platform. Supporters of their cause would henceforth fight the elections under the banner of the CPI(M-L).

Efforts were on to form a national level platform with the IPF and organisation, like Narmada Bachao Andolan, Lal Nishan Samiti of Maharashtra and Rajasthan Kishan Sangathan, to fight unitedly major issues like communalism and the new economic policy. Ms Medha Patkar was scheduled to visit Patna next month for holding preliminary talks in this regard.

Asked to comment about the emergence of the Bahujan Samaj Party, Mr Mishra said that a particular political situation had brought the party to the forefront in Uttar Pradesh.

Reforms Urgently Needed in Insurance Industry

94AS0190D Madras INDIAN EXPRESS in English
10 Jan 94 p 13

[Article by George Mathew: "Will Government Implement Reforms?"]

[Text] Bombay—It is one of the last vestiges of state control in India. The process of freeing the much-protected insurance industry from the clutches of government control will accelerate with the release of the Malhotra Committee report on reforms in the insurance sector.

For an industry which accounts for annual premium income of around Rs[rupees]10,000 crore, the report will be path-breaking. The recommendations have, no doubt, raised new hopes, especially among foreign companies and Indian private sector. Will their dreams materialise?

A host of Indian industrial groups like the ITC group, Kotak Mahindra, the Birlas and the Lloyds group have already evinced interest in entering the insurance business, if freed from the shackles of controls. "Certainly we will look into this area...but the Government should make its mind clear about accepting the report," says G C Garg, president of Lloyds Finance Ltd, a financial services company.

Throwing open the sector to foreign companies means the entry of foreign firms like American Insurance Group, Eagle Star and Sun Life. As the hitherto protected Indian insurance industry offers tremendous growth potential, foreign firms are expected to rush to this new gold mine.

Garg feels that insurance is a logical extension of financial services activities where his company is involved. "Competition will improve efficiency," he said while welcoming the Malhotra committee recommendations. But will the Government accept the proposals?

In fact, industrial groups started eyeing the insurance sector long before the Government finally woke up with the idea of throwing it open and Malhotra Committee was set up to find suitable ways for that. "The Government's decision was influenced by the international lending agencies like World Bank. So it won't be surprising if foreign insurance companies make a grand entry into the country," said a former LIC [Life Insurance Corporation] chairman who preferred anonymity.

After the nationalisation of 245 private life insurance companies into one entity—LIC—and the formation of GIC [General Insurance Corporation], competition was a subject unheard of in the insurance industry. Will the Government have the political courage to implement the recommendations of the committee? The trade unions have already raised their opposition to privatisation of the sector. Although the Narasimham committee submitted its report on reforms in the financial sector long ago, critics argue, the Government has not yet made any significant changes in the banking sector.

Further, the Government would not have access to cheap funds of LIC and GIC. As of now, LIC and GIC are required to invest 75 and 70 percent of the funds in Government and Government guaranteed securities—where interest rate is very low—and other socially-oriented sectors as may be directed by the Government. The committee has recommended that this should be reduced to 50 per cent and 35 percent so that the return from investments will be more. Considering the fact that LIC has funds of Rs40,000 crore, the Government stands to lose crores of rupees.

"LIC policies are not attractive as far as other instruments of savings are concerned. Their rates of premium are probably highest in the world," says a report of the Indian Merchants Chamber [IMC] on reforms in the insurance sector. Industry circles generally feel that LIC has become too large an organisation having seven zonal offices, 93 divisional offices and 1,900 branch offices.

Will the Government make LIC—which is now functioning with a ridiculously low capital of Rs five crore—a public limited company? It remains to be seen. So is the divestment of 50 per cent GIC's capital to the public.

LIC and GIC mandarins and their trade unions still dish out the social-responsibility factor to prolong opening up of the insurance sector. "Will the private sector and foreign companies go to rural areas?" asks a former LIC official, while refusing to accept the fact that efficiency has been sacrificed at the altar of protectionism.

The private sector feels that the insurance sector is still vastly untapped, thanks to poor marketing by the public sector behemoths. The recommendation of the Malhotra committee that new entrants in life insurance should be required to transact a certain minimum business in rural areas and new general insurers should write a certain minimum rural non-traditional business will offset the complaint that private sector will avoid rural areas, it is felt.

Earlier private insurance companies were nationalised mainly on the allegation that these firms were misusing public funds for other purposes. The committee's recommendation that no insurance company should invest in its affiliate, whether incorporated or not, is expected to take care of the fear that funds will be misused.

The IMC report has argued that prudential norms and statutory requirements recommended by the Narasimhan committee for banks should be made applicable to the insurance sector. By setting up an insurance regulatory authority in the form of a statutory autonomous board—a la the Securities and Exchange Board of India (SEBI) in the capital market-level playing ground can be assured for both public and private sectors. Indiscriminate entry of any Tom, Dick and Harry can be prevented by stipulating a minimum paid-up capital of Rs 100 crore for new entrants as is in the case of new private banks.

If earlier indications are anything to go by, there is bound to be intense pulls and counter-pulls inside and outside the Government when it comes to implementation of the report. To what extent the report will be implemented, is anybody's guess.

Plans Implemented for Social Audit of Mass Media

94AS0190E *Bombay TIMES OF INDIA in English*
14 Jan 94 p 5

[Article by Allwyn Fernandes: "Move for Social Audit of Mass Media"]

[Text] Bombay, January 13—Dr N. Bhaskar Rao, convener of the Union communications ministry's social audit panel, plans to set up a similar group for the mass media, mainly with the help of teachers from across the country.

Mr Kushwant Singh, noted journalist, and Mr. B.G. Deshmukh, former Union cabinet secretary, who are members of the telecom panel, are also involved in the new project. They hope to set up the mass media panel by April.

"I find school principals and teachers around the country are alarmed at how they are losing control over children, but the government is a helpless spectator to the bombardment from the skies of satellite TV programmes.

"Newspapers everywhere are going in for television and you are going to see media conglomerates. There is, therefore, great need for professional monitoring and analysis of the media scene, keeping the social aspect in mind," Dr Rao, who is chairman of the Centre for Media Studies, Delhi, said.

Last week, the British Government signalled its intention to allow the creation of large British media conglomerates, combining newspaper/publishing companies with TV/telecommunications groups capable of competing with European and American giants.

The aim of the review of cross-media ownership rules is to ensure the survival of domestic TV production companies and strengthen them in their "assault" on rapidly expanding "global media markets." The BBC chief has already started talking of the BBC as "an empire without frontiers."

But the review has raised basic concerns about plural sources of information in a democracy and about protecting readers/viewers. Dr Rao's panel hopes to examine these issues, promote debate and suggest policy because the government seems to be a "helpless spectator," as he put it.

His comments about women and teachers being most concerned about the impact of TV is borne out by what is happening in Bombay. At least three schools in one Bombay suburb alone have been looking for counsellors recently because teachers are unable to tackle the problems students now face.

In one school where the principal got the parents-teachers association involved in the proposal, there was stiff resistance from the men who felt that parents would not co-operate "because no one wants to discuss family problems with an outsider."

It was the women present who asserted themselves, overruled the men and passed the proposal because, as one of them put it, "it is we who bear the brunt of what is happening, not the men who are too busy at work."

Dr Rao said he was looking for volunteers in different parts of the country not connected with advertising to be involved with the panel on an honorary basis. Technology was changing social behaviour. Children were making crank calls or using the telephone to call sex and astrology services advertised on Star TV, out of curiosity, not realising these were international calls.

In one girls' school in a middle-class suburb here, tenth standard children are being encouraged by their peers to have a "boyfriend." Those who say their parents will not allow them are told, "Don't worry, we'll get you a telephone friend." Those who do not have a phone at home find the telecom centres that have spouted out everywhere convenient to call their "telefriends." Parents are alarmed because "we do not even know who is at the other end of the line."

Dr Rao said he first toyed with the idea of a mass media panel seven years ago when he set up a national council of TV viewers in 18 towns. Most of the panel members were women and teachers because he had found they were the most worried about the impact of mass media on the younger generation.

"I also find that most people are quick to agree in private conversation about the problems likely to be caused on children by TV viewing. But they hesitate to say so in public because they are afraid of being dubbed backward or conservative by their peer groups. They are waiting for someone to take the initiative," he said.

The national council of TV viewers did not pick up, probably because at that time people had not realised the impact TV would have on the minds of young viewers. But now that satellite TV was a part of the media scene, the panel was an idea whose time had arrived, he felt.

Newspapers everywhere were carrying stories of children picking up ideas to commit crime from TV serials. In Bombay, a boy had killed his grandfather. There was a similar incident in Calcutta, while in Delhi on New York's eve, youths abducted a woman and tried to rape her. Only timely action by the public and the police had saved her.

Dr Rao said he was inspired to set up the mass media social audit panel because of his experience in the telecom panel over the past 18 months. The telecom social audit panel was the first of its kind in the country and was set up to bring about greater responsiveness in the operations of the telecom and postal services.

The panel, headed by the former chief justice, Mr P.N. Bhagwati, has made several recommendations on postal and telecommunication services, involving operational and policy changes, aimed at making the subscriber the focal point and prime concern of the system.

Many of the suggestions made in the four reports submitted so far have been accepted by the communications ministry. These include giving the subscriber a rebate for the period the telephone is dead, and using the software in electronic exchanges to allow a user who had not paid the bill to receive calls, but not make them.

"New technology has come in many areas, but the rules have not changed to keep pace with it. The same thing is happening in mass media. Technology is overtaking us.

We shall have to develop a methodology of social audit of mass media to monitor the role, impact and the way it is used," says Dr Rao.

Plans To Acquire Hawk Aircraft Told

94AS0191K Bombay THE TIMES OF INDIA
in English 17 Jan 94 p 17

[Article by Srinivas Laxman]

[Text] Bombay, January 16—Every afternoon the Indian Air Force [IAF] station at Yelahanka near Bangalore used to resound to the boom of a tiny jet performing numerous manoeuvres during last month's air show.

Its performance created a lot of excitement among the delegates and among those present were the IAF top brass who seemed truly impressed.

The aircraft which displayed its prowess at the Bangalore air show was the British Aerospace advanced jet trainer (AJT), Hawk and exactly a month later the government of India has decided to acquire this aircraft for the IAF.

The Hawk's immediate rival, the Franco-German Alpha which was also to have been displayed at this air show, pulled out and French aviation officials were unable to explain this sudden move. This further lent credence to the theory that the Alpha advanced jet trainer (AJT) had lost the race to get into the IAF inventory.

The government of India has been dithering over the choice of the AJT for more than a decade and efforts by various IAF chiefs to convince the government to take a quick decision had proved futile.

The IAF was in dire need of a trainer because of the difficulties pilots faced while graduating from the subsonic Kiran trainer to the supersonic aircraft. This transition was being done on the Hunters but they had now become old.

According to the former deputy chief of air staff, C.V. Gole, "the government's perennial excuse for delaying the decision on the AJT was lack of funds."

While the government remained undecided on such an important matter, IAF pilots were all the while facing a mismatch between man and machine, as a pilot took combat training in an aircraft with old technology, but had to fly a modern fighter like the Mirage 2000 and Mig-29. This eventually began to take its toll.

Initially, there were four types of AJTs trying for the attention of the Indian government. These were the British Aerospace Hawk, the Dassault Breguet-Dornier Alpha, Aeromachhi's MB-339 and Czechoslovakia's Aero L-39.

After evaluation, the choice narrowed down between the Alpha and the Hawk. Eventually, the Hawk has emerged victorious.

Explaining why the Alpha was not found suitable, Mr P. Uppendra, MP [member of Parliament], said in the Rajya Sabha on August 27, 1993, that the last model of this aircraft was produced in 1986.

He said: "All Dassault proposes is to transfer to India its jigs and tooling equipment, which have been lying idle in France for years since there is no further market for Alpha jets anywhere in the world..." Thus the Alpha lost out.

Media reports today speak of the Union cabinet giving the green signal for the acquisition of 66 British Aerospace Hawks, expected to cost over Rs 6,000 crores.

The first major Hawk variant was the "50 series" which was sold to Finland, Kenya and Indonesia. The "50 series" was succeeded in 1981 by the "60 series" which incorporated changes in the avionic system. This was the aircraft being considered by the IAF.

The Hawk-60 with various changes resulted in a 33 percent payload increase and a 30 percent increase in range. Its customers include Zimbabwe, Dubai, Kuwait, Saudi Arabia, Abu Dhabi and Switzerland.

In 1984 came Hawk-200 which was followed three years later by the Hawk 100 which was displayed at Bangalore. The question is whether the government will now opt for this variant of the Hawk?

IRAN

Tehran Made Perilous by Destruction of Dugouts

94LA0091F London KEYHAN in Persian 10 Feb 94 p 5

[Text] The hasty destruction of Tehran's shacks and dugouts, theft, inconvenience, prostitution and behavior, actions, and thinking in general have scattered dwellers in shanties, who until now were confined to this area, throughout the capital and have increased their numbers. After their shanties and dugouts were made into parks and other centers, the shanty dwellers took the same life to which they have become accustomed over the years to other parts of the city and made themselves new shanties.

Even those who were installed in new housing by the government in newly established towns migrated to other locations after a time because they were not familiar with urban and apartment life.

Experts say this serious and deeply rooted social problem cannot be solved by building parks and libraries on top of the shanty towns and dugouts. It needs years of cultural and social work to uproot the thinking and lifestyle of living in shanties and dugouts, with all its characteristics.

The inattention of officials to doing fundamental work to change the culture of the society of dugout and shanty dwellers, especially the youth, has spread various forms of criminal behavior, which were once confined to the

shanty areas to other parts of the capital. The young generation of shanty dwellers is illiterate and lacks any kind of skill. Now they do not know how to do anything but collect garbage, scavenge, steal from homes, snatch purses, steal automobiles, buy and sell narcotics, prowl neighborhoods, and annoy people. In reality, the dugouts and shantytowns can be called societies for training young criminals.

After driving out the shanty dwellers and destroying their huts, they have now created the same conditions that existed before in different parts of the city, and naturally they are more difficult to control than before.

Experts believe that before turning these areas into parks, recreational centers and other things, officials should have changed the social and training makeup of the shantytowns through the necessary instruction, by operating short-term literacy programs and by teaching the young people some kind of specialization and ability. For example, after the women on Jamshid Street in the Qazvin gate area were driven out, they scattered to other parts of the city and continued living in the same way.

A problem the dugout dwellers faced immediately after their neighborhoods were destroyed was the loss of their identity and lack of familiarity with normal urban life. For this reason, after they were driven from their shantytowns, they tried to create the same atmosphere and conditions in other parts of the city. The government transferred some of the shanty dwellers to cities built during these years, but after a short time these families realized that the culture of shanty dwelling is not compatible with the culture of living in these kinds of places and they gradually moved away from urban life and returned to their former lives.

In other words, the shanty dwellers were merely displaced, and they took their lifestyle with them wherever they went. The experts worry that dealing precipitously and without study with the issue of life in dugouts and shanties in the early years of the revolution is gradually bringing the failures of the past back to the city. One of the most sensitive areas is the Jamshid area, where the women of Qel'eh, formerly Shahr-e No, live. In recent years famous dugouts in Tehran such as Zamburak Khuneh, Haluqanbar, Qasem Shokry, 'Arabha, Haj Masha'allah, Majalleh-ye Jamshid, Baghchal, Seyyed Darvish, Halab Shahr, and Nafari were destroyed without the necessary study of their social, family and cultural situation and their employment. Yet before settling the residents of these dugouts in other places, it was necessary first to think about the state of their education, their health-care situation, and most important of all, their moral, ethical, and psychological problems. The youth and adolescents in the shantytowns are either illiterate or only partially literate. Their only recreation is theft, harassment, and buying and selling narcotics.

Sociologists believe that destroying dugouts and shantytowns destroys the physical makeup and the identity of

the neighborhoods, and on the other hand, by scattering the shantytowns it disrupts the web of social relations. Officials are now seeing the return of some shanty dwellers to some of these areas, and this in itself shows the strength of the structural roots in the phenomenon of shanty towns. In some districts not only have the shantytowns not been uprooted, but other shanty towns have also been created.

There are now 50,000 people living in shantytowns scattered throughout the capital.

Three Communication Centers Operational in Qom *94LA0098I Tehran SALAM in Persian 9 Feb 94 p 15*

[Text] Hamid Mirzadeh, the deputy president for executive affairs, said on Monday: President Hashemi-Rafsanjani agreed to the allocation of 10.5 billion rials in addition to other developmental funds for the province of Mazandaran.

According to Mirzadeh, the above-mentioned funds were allocated in the form of 120 projects for 17 cities of the province of Mazandaran.

He said: These funds will be spent on developmental projects, including building rural and urban roads, building housing for deprived people and those without guardians, multipurpose sports arenas, development of educational and cultural spaces, development and equipment of health and treatment centers, and also providing and starting cultural Basij centers for the youth.

The deputy president for executive affairs and the governor of the province of Mazandaran will oversee the spending of these funds on developmental projects in the province.

Thousands of Tons of Goods Exported From Azarbaijan

94LA0093F Tehran SALAM in Persian 2 Feb 94 p 15

[Text] Urmia—IRNA: The West Azarbaijan general manager of industrial research and standards said: In the first nine months of this year 48,124 tons of goods valued at 8.076 billion rials[R] were exported from this province.

Farhang Mehr said on Monday: This figure represents an increase of 19,000 tons by weight and an increase of R956 million in terms of value over the same period last year.

He said: The exports went to Turkey, Bulgaria, Russia, the Republic of Azerbaijan, Germany, France, and other countries.

Farhang Mehr said the main export goods from West Azarbaijan include apples, valued at R3.584 billion, and sausage skins valued at R3.019 million.

Other items exported from West Azarbaijan during this period were currants, potatoes, cookies, wool, pistachio meats, garlic, walnut meats, blankets, pomegranates, pistachios, and dates.

Over \$900,000 Nonoil Goods Exported

94LA0093E Tehran SALAM in Persian 2 Feb 94 p 15

[Text] The value of nonoil exports passing abroad through Yazd Customs reached \$903,000, an increase of \$42,000 over the same period last year.

Mohammad Sadeq-Falah, chief of Yazd Customs, said on Monday: During this period 835 tons of goods were exported to England, Sweden, Germany, Russia, South Korea, Pakistan, Turkey and the nations of the Persian Gulf.

He added: Exports from this customs port decreased 32 percent by weight compared to the same period last year.

He said the reason for the decline in weight of the export goods is the export of 2,000 tons of decorative stone last year, and added: This is due to the increase in weight of the export goods in the year 1371 [21 March 1992-20 March 1993].

Millions of Mabarakheh's Steel Products Exported

94LA0093D Tehran SALAM in Persian 2 Feb 94 p 15

[Text] Esfahan, SALAM Correspondent— A council composed of the financial and economic affairs managers at the Mabarakheh Steel Complex held a meeting attended by media correspondents in which issues pertaining to the steel complex's financial and economic affairs were discussed.

At the outset the manager of economic and financial affairs of the Mabarakheh Steel Complex discussed the situation with the sale of this complex's products. He said: By the end of the month of Dey this year [20 January] the Mabarakheh Steel Complex had 230 billion rials in domestic sales and also about \$15 million in foreign exchange exports.

He said the steel complex will be profitable when it produces 1.6 million tons. He said: Production has already reached 800,000 tons, and it is expected that under the Second Five-Year Plan production will reach 3.5 million tons. Our correspondent reports that the complex's financial and economic officials announced that this year the complex will save \$78 million in foreign exchange. They added: It is expected that by the end of the Second Five-Year Plan in the year 1377 [21 March 1998-20 March 1999] foreign exchange savings will reach about \$1 billion.

This council said the major problems of the Mabarakheh Steel Complex are the shortage of electrical energy and natural gas.

Reconstruction Projects Inaugurated in Azarbaijan

94LA0093C Tehran SALAM in Persian 2 Feb 94 p 15

[Text] In the blessed days of the Ten Days Dawn celebration, 512 small and large development projects were put into operation throughout the province of West Azarbaijan.

In a proclamation on the occasion of the beginning of the Ten Days Dawn celebration, the governor-general of the province of West Azarbaijan said: Among the large projects ready to go into operation is the Urmia Tractor Factory.

'Ali Sa'adat said: This year 2,200 new and semicomplete projects are being implemented in this region with 84 billion rials[R] in province development credits, of which 1,340 have gone into operation.

He said: Of these projects, 512 were put into operation during the Ten Days Dawn celebration during the celebration of the triumph of the Islamic revolution.

The governor-general of the province of West Azarbaijan said the amount of national credits allocated for this province this year is R42 billion.

'Ali Sa'adat said: This money will be used to implement large projects in the area. Without mentioning the details of the projects, he said: With the implementation of the large projects and more attention to water and soil resources in West Azarbaijan, major changes are being made in the economic and cultural face of the province.

Twenty Drug Smugglers Killed in Battle With Forces

94LA0092B London KEYHAN in Persian 24 Feb 94 p 2

[Text] The commander of the Islamic Republic's police forces, Revolution Guard General Reza Seyfollahi, announced on Sunday at a press conference that in two days of fighting with a convoy of smugglers in the province of Sistan va Baluchestan, 20 smugglers were killed, 11 were wounded, and 103 were captured, and 3,287 kg of opium were confiscated. The statistics given indicate the intensity of the fighting. He did not announce police casualties.

Revolution Guard General Reza Seyfollahi announced that as of the beginning of the current solar year [21 March 1993] 80 tons of narcotics has been confiscated in Iran, while in the same period the previous year this figure was 65 tons.

He also said that during the same period 14,612 narcotics smugglers and 43,063 addicts were arrested.

Thousands Committed Suicide in Khorasan Last Year

94LA0091C London KEYHAN in Persian 3 Feb 94 pp 1, 3

[Text] Last year we gave a report on suicides in the province of Mazandaran. The Islamic Republic's official sources are now reporting that last year 4,000 people committed suicide in the province of Khorasan. The main reason for the suicides was the pressure of poverty and the inability to make a living. It was announced that 2,800 women and 1,300 men committed suicide. Almost 50 percent of those who kill themselves are 10 to 30 years old.

Last year 4,000 people killed themselves in Khorasan. Research and studies by physicians and sociologists at Mashhad University show that almost all these people were under heavy and unbearable economic pressure and were unable to manage their families.

A cleric from Mashhad said that economic pressures alienate a human being from God, and alienation from God makes suicide easy.

The supervisor of the toxicology ward at Emam Reza Hospital in Mashhad said the statistics on suicide in the province of Khorasan are very worrisome in terms of their numbers and motivation for doing so. Moreover, the number of people who are taking their own lives as a way out of economic and social problems is on the rise. Of the 4,000 people who killed themselves last year, 2,800 were women and 1,200 were men. These people used tranquilizers and chemical poisons to kill themselves, or immolated themselves.

Statistics from Khorasan's hospitals show that men are more determined about their decisions to kill themselves than women, because they usually do so in such a way under daily pressures that there is no way to save them. Research by the supervisor of the toxicology ward at Emam Reza Hospital has shown that 49 percent of the suicides take place between the ages of 10 and 30. Of these 4,000 people, 53 percent were married, 45 percent were single and 4 percent were divorced. A sad point, according to this doctor, is that a small number of the individuals who immolate themselves survive, but become depressed because of the changes in their bodies and faces. A sociologist at Ferdowsi University in Mashhad believes that these days, for reasons that are clear, suicides that were once done secretly are now done in the open. This professor emphasized that economic disruptions in societies such as Iran's cause these kinds of suicides. He warned the government that suicides take place when there is no other option, and this is the reason the number of suicides is increasing every day.

A judge in Khorasan said the reason for the increase in suicides is the lack of correspondence between incomes and costs. Of the 4,000 who killed themselves last year in Khorasan, 74 percent had high school diplomas or less, 23 percent were illiterate, and 3 percent had studied in universities. Last year only 60 people who immolated

themselves were taken to the accident ward at Mashhad's Qa'em Hospital. Of these, 98 percent were women, and unfortunately 99 percent of them died.

Hospital officials and Khorasan judges have said: Most of the self-immolations are done because of financial pressures, which are followed by family disputes. Many people in the province of Khorasan wonder how in a religious region in the country where religious beliefs are supposed to meet the spiritual and psychological needs of the people and give them peace of mind, the suicide rate is higher than in other parts of the country.

Import of Goods Exceeds 12.7 Million Tons

94LA0091B Tehran KEYHAN-E HAVA'I in Persian 9 Feb 94 p 10

[Text] Tehran, 12 Bahman [1 February]—The nation's nonoil imports in the first nine months of the year 1372 [21 March-23 September 1993] weighed 12.7 million tons, 91 percent of which came in through ports, the remaining 9 percent through land borders.

The public information office of the Ministry of Roads and Transportation reports that 5.3 million tons of the imports were basic goods, the remaining 7.4 million tons nonbasic goods. Ninety-seven percent of the basic goods were unloaded at ports, the remaining 3 percent at land borders.

The amount of goods shipped during this period was 10.8 million tons, of which 4.8 million tons was basic goods, and 6 million tons of which was no-basic goods. Of all the goods imported, 9 million tons was brought in by truck, and the remaining 1.8 million was brought in by train.

The highest percentage of unclaimed nonoil goods was 44.3 percent at Bandar 'Abbas, and 0.7 percent was announced at Marz-e Bazargan. The total amount of unclaimed import goods at the end of the month of Azar [21 December] was 774,000 tons.

Electrification of 19 Villages in Mazandaran

94LA0098A Tehran SALAM in Persian 3 Feb 94 p 11

[Text] Sari, SALAM Correspondent

On the blessed God's Days, the Fajr 10 days, 19 Mazandaran villages were given electricity.

According to a report by the public relations office of the Electrical Power Distribution Company of Mazandaran Province, 19 villages of Mazandaran Province, with 1,267 families, were electrified. In providing electricity to these villages, a total of 35,518 meters of low-voltage wires, 37,584 of medium-voltage wires, and 30 transformers with a total of 1900 kVa [kilovoltampere] of power were installed.

According to the same report, 947,344,000 rials were spent on the purchasing, installation, and start-up operations of this network.

Over \$400 Million Industrial Goods Exported

94LA0098B Tehran SALAM in Persian 5 Feb 94 p 4

[Interview with Dr. Jamshidi, the international economy deputy minister of industries, on Thursday, 3 Feb 1994, by IRNA; place not given]

[Text] Sari, [IRNA]—The international economy deputy minister of industries said: In the nine months of this year, \$460 million in various goods have been exported.

Dr. Jamshidi said on Thursday in an interview with an IRNA reporter: Industrial goods in the area of exports have two advantages, the relative low cost of energy and especially low wages.

He added: In some industries, including tiles, our country has the ability to compete with foreign countries. At the present time, Iranian tiles are exported to Kuwait and the Persian Gulf sheikdoms. Also, contracts have been signed to export them to Central Asian countries.

He said: Subsidies for export goods are meaningless; goods must be produced to be competitive with similar foreign goods.

Dr. Jamshidi said: After the foreign currency rate became a floating rate in an attempt to prevent the entry of foreign goods, tariffs and commercial taxes were increased. At the present time, however, on the whole they are still not sufficient.

Units Operational in Sistan Va Baluchestan

94LA0098C Tehran SALAM in Persian 5 Feb 94 p 15

[Text] On the occasion of the blessed 10 days of Fajr, three ship-building factories were opened in the industrial township of Kenarak, in the district of Chabahar.

This industrial unit includes two boat-manufacturing factories and one ship-manufacturing factory, which are capable of an annual production of 900 vessels ranging in size from 6 to 60 feet.

Also, on the same occasion, the [Ramin] fishing sea wall of Chabahar was put into operation.

This sea wall, which has a main and secondary offshoot, which are 787 meters and 224 meters, respectively, cost 5.4 billion rials and were funded by the general government funds.

The operation of a one-room manufacturing industrial production unit also started in Zahedan.

This factory is capable of producing more than 30,000 cans of fish annually and can increase production to 70,000 cans annually.

The ceremonies to start the operation of the above-mentioned projects were held in the presence of the ministers of construction jihad and heavy industries and a group of local officials.

Also, work on the Pasabandar dock and the large port in Chabahar region will begin soon.

In the fishing celebration ceremonies of the Sistan Va Baluchestan region, held in the presence of the minister of heavy industries and a large number of fishermen in the cold storage house of the fishery in Chabahar, the minister of construction jihad said: The Oman Sea has large fish reserves, and using these reserves work on the construction of secondary fishing and industrial vessels will continue.

Foruzesh emphasized the need for private-sector investment in fishing.

Transmitters, Radio Stations Become Operational

94LA0098D Tehran SALAM in Persian 9 Feb 94 p 1

[Text] [News Service]—With the efforts of the technical, construction, and facilities experts of the Office of the Technical Deputy Director of the Voice and Vision Organization for Planning and Developmental Affairs, a transmitter and radio station were inaugurated and put into operation during the 10 days of Fajr.

According to a report by the public relations office of the Voice and Vision, with the operation of the "powerful" radio transmitter of Sirjan, the national network program, in addition to serving Sirjan, will be extended to some degree to the villages of Kerman, Yazd, and Fars provinces.

Also, the "moderate power" transmitters of Shahr-e Kord and Ilam, which will cover the entire provinces of Chahar Mahall Va Bakhtiari and Ilam under the provincial network, was put into operation.

This public relations office announced other stations put into operation and regions covered by radio station as follows: The Biarjmand radio transmitter, which will cover the city of Shahrud; the Dorud radio transmitter, which will cover the western part of the province of Lorestan; the Gorgan radio transmitter, which will cover parts of the cities of Behshahr and Gonbad Kavus; and the Mianeh radio transmitter, which will cover the entire city of Mianeh, the cities of Hashtrud and Sarab, and parts of the suburbs of these cities.

Also, the Deyr radio transmitter will connect the western part of Behshahr province to the radio network of the province, and the Khalkhal radio transmitter will extend coverage to the entire city of Khalkhal, with the provincial network program.

Hundreds of Border Roads Closed To Stop Smugglers

94LA0098E Tehran SALAM in Persian 9 Feb 94 p 2

[Text] [News Service]— With the closure of nearly 840 km of eastern borders of the country to smugglers, the roads to the passage of narcotics convoys through the borders into the country was closed.

According to a report by the Central News Unit, referring to the above statement, Mr. Besharati said: The work on closing the borders in the vulnerable areas began four months ago, and these operations were completed with the digging of a canal 4 meters high and wide, the installation of numerous watch towers, and putting mines on the path of narcotics convoys. At the present time, these convoys cannot enter the country.

Concerning the recent riot in Zahedan instigated by narcotics smugglers, referring to the march of the Muslim and revolutionary people of Zahedan in condemning this action by rioters, the minister of interior added: The Shi'ite and Sunni brothers and sisters with their march against the narcotics smugglers once again declared their support for the Islamic revolution, the grand leader, and the president and put an end to all the rumors spread by internal and foreign enemies.

Credits To Implement Projects in Mazandaran

94LA0098H Tehran SALAM in Persian 9 Feb 94 p 15

[Text] Qom, [SALAM correspondent]— In the presence of Engineer Gharazi, the minister of post, telegraph and telephone; Naraq, the general manager of the communications company; the deputies of the people of Qom in the Majles; the governor; and local officials of the holy city of Qom, three large communications centers were opened and put into operation.

Saburi, the director general of communications of the cities of the province of Tehran, said: The communications centers that have been opened are Martyr Beheshti Center, with 10,000 telephones; 19 Dey [9 January], with 10,000 telephones; and 'Amar Yaser, with 15,000 telephones. With the operation of these centers the existing telephones in the city of Qom increased from 35,000 to 70,000.

Announcing that next year 35,000 telephones will be given to the people of sacred city of Qom, he added: The intercity channels have reached 1,300.

A report by our correspondent indicates that the minister of post, telegraph and telephone along with his companions joined Grand Ayatollah Araki and presented a report to the source of emulation of the Shi'ites of the world on the existing situation of the country and steps taken regarding the services of the Ministry of Post, Telegraph and Telephone. Then Grand Ayatollah Araki recommended serious attention by the officials to the problems of the people and prayed for the success and glory of the true servants of Islam and Muslims.

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REGIONAL AFFAIRS

Bank Organization Reports on 1993 Arab Finances

94AE0070A London AL-HAYAH in Arabic
20 Jan 94 p 11

[Text] Dubai—An Arab economic report says that for Arab world economies, 1993 was a year to further build on the positive developments that occurred in the region in 1992. Instead of burdening their economies with additional ambitious projects, countries of the region focussed instead on sustaining their previous year's accomplishments in the areas of confidence and investment. The optimism generated by the resolution of the Kuwait crisis in 1991 continued to prevail. The Arab states also reduced their borrowing and focussed on attracting international investors. The report added that 1993 brought with it more recognition of the need to administer economic conditions with a more reasoned and studied approach if they are to be sustained in the long-term.

The report, issued by the Arab Banking Corporation, pointed out that foreign economic developments greatly impacted the Arab world in 1993. Recession in Europe, which is the major market for Arab non-mineral exports, and the general softening of oil prices, contributed a measure of moderation to economic developments in the region. Other exporting countries, especially phosphates producers, suffered the consequences of reduced world demand. But the producers of minerals chose not to succumb to that negative actuality and, instead, adopted effective marketing strategies in their major markets, not merely to maintain market-shares but also to expand them. Those strategies were successful to a degree and are expected to remain in place beyond 1993, since several of those producer countries enjoy the lowest production costs in the world.

The report noted that future difficulties in 1994 will relate to maintaining the rate of investment at a time when returns are low on investments needed to expand the goods-producing sectors and supporting industries [as published] which have been considered important elements of the development strategies of Arab governments since the end of the Kuwait crisis. It pointed out that even though the Arab states, by offering a number of incentives, succeeded in 1991 in attracting private domestic and foreign investments to additional economic sectors, those states found it most difficult to attain their goals in the state-owned sectors that they place at the top of their priorities.

The Corporation noted that most of the states that suffered that predicament had enough borrowing power in 1993 to tap domestic and regional capital markets for the funds needed to finance their projects. Even though this was exactly what some of them did in 1991 and 1992, they chose to exercise that option as little as possible in 1993. [The Corporation] further stated in its

report that, instead of borrowing, the countries concerned found it an easier strategy in the long run to concentrate their efforts on attracting international partners to major projects and on selling stock in other [enterprises]. Those strategies achieved a degree of success in 1993, but a number of countries faced the problem of raising enough domestic capital to equal the amounts obtained from foreign sources for the implementation of new development projects.

The Corporation said it was regrettable that Arab capital markets were lagging in development and that they did not become operational at the right time, especially that such markets will be an important source of minimum low-risk capital. It added that, although incomplete or undeveloped at present, many Arab capital markets did well in 1993, renewing confidence in the direction of local and regional economies amid expectations of future expansion.

The report revealed that, thanks to government-imposed financial controls, the Arab financial sector also enjoyed the benefit of expanding local economies due to several factors including low demand on that sector by public-sector enterprises. There was more freedom in a large number of countries in setting interest rates for deposits and loans. A reduction in interest rate controls was necessary to guarantee continued availability to the private sector of the additional funds offered by banks and others' financial institutions. But the aforementioned facilities were accompanied by extremely strict controls on banks concerning risk measurements in order to guarantee their compliance with international standards and to bolster the competitive positions of domestic institutions.

The report pointed out that the financial sectors in a number of countries have undergone changes introduced by radical reform programs, some of which have been in effect for years while the others were only recently introduced with support from the Privatization Fund, whose programs received a new push in 1993.

The agricultural sector, which has also benefitted from reform programs in recent years, remains a function of meteorological conditions. It managed adequate production in most of the Arab states, even though rainfall in certain areas was below their requirements. That sector's output, however, was not sufficient to change their agricultural trade deficits.

In order to lessen dependence on the weather, huge investments were necessarily maintained in irrigation and damming projects with support from regional and multi-national institutions. The tourism sector settled back in 1993 after sharp expansion in 1992.

The report added that conditions in certain Arab states remain desperate, having shown no sign of improvement year after year. Those countries, lacking any noteworthy developments in 1993, continued to be recipients of Arab and international aid in order to keep them from further deterioration. Aid tied to projects or to trade

with the rest of Arab countries, especially from individual Arab states and from development funds, was an important component of the investment programs implemented by those nations in 1993; as was the case with similar aid extended since the late 1970s.

Arab Unemployment Seen as 'Crisis' at 14%

94AF0076A Cairo AKHIR SA'AH in Arabic
2 Feb 94 p 15

[Text] Bakr Mahmud Rasul, general manager of the Arab Labor Organization, warned of a threatening unemployment crisis in the Arab world. He said that the [unemployment] rate rose to 14 percent last year and that there are 10 million unemployed workers, mostly in densely populated countries such as Egypt, Sudan, Morocco, and Algeria, but also in sparsely populated states such as Jordan. He further warned that the oil producers, even though they are sparsely populated, are also threatened by [unemployment] because of numerous programs for Asian immigrants and migrant workers. Bakr Rasul added that unemployment is most rampant among degreed recent entrants into the labor market, and said: "Some 2.5 million [workers] enter the Arab labor force annually with no chance of providing them with employment opportunities."

He said that economic reform programs in the Arab world may help correct the imbalances in domestic and external general balances and reduce the burden of debt, but they do not address unemployment.

Bakr Rasul pointed out that there are short, medium, and long-term solutions to unemployment problems and that the latter would depend on the success of existing economic reform programs and on making progress toward Arab cooperation based on mutual and entwined interests. He added that such Arab cooperation should be calculated, comprehensive, and rewarding to all parties, since it would also contribute to the success of reform programs that depend on export policies, broad market economies, expanded competition, and successful technological assimilation. He said that the Arab employment strategy, approved by the Arab states at last April's meeting of labor ministers, could be the means to resolve the unemployment crisis.

On the Organization's contributions to the success of the self-rule experiment in Gaza, Bakr Rasul said that "the Arab Labor Organization held an educational symposium last month for some 50 Palestinian union and labor leaders from the occupied territories. The meeting touched on all aspects of labor such as legislation, as well as laws and regulations dealing with social security,

health security, shop safety, the work environment, labor unions and their role, labor education, and the right to organize. The forum also touched on the Palestinian economy and its components, unemployment in Palestine and how to deal with it, and the impetus for the Palestinian labor force and ways of stimulating it." He added that the meeting was worthwhile in that it enables Palestinian labor leaders to carry out their future responsibilities and help build the Palestinian state.

He said that the Arab Labor Organization's plan for 1994/95 involves programmed activities as an initial step to benefit the parties to production in Palestine. He said that the Organization's specialized experts drafted a Palestinian labor law, which was submitted to Palestinian authorities for their review and comments before the Organization puts it in its final form.

Bakr Mahmud Rasul criticized the extent of Arab commitment to joint Arab labor agreements and said that "since its inception and until its last meeting in Amman last year, the Organization has been able to reach and ratify 14 Arab labor agreements dealing with such issues as transport of Arab labor, protection for women and minors, vocational training, labor culture, union freedoms, guarantees, and social security. Even though all these agreements underwent lengthy procedures, and even though they were passed unanimously with no reservations by any party, the rate of approval that would commit a state to an agreement remains low. Some Arab countries have ratified no Arab labor agreement at all. Other countries, even though they are founding members of the Organization, have ratified only one or two agreements. A third group of countries ratified the agreements, but took positions that proved contradictory to their provisions. He added that commitment to the agreements is a matter of moral, cultural, and national obligation.

Bakr Rasul said that the agenda of the upcoming Cairo session to be held early next April, involves discussion of the secretary general's report, in which he debates the subject of small industries and traditional crafts. This matter is of special interest because it is closely linked to the social and economic changes taking place in most of the Arab states as a result of economic restructuring that impacts employment and the war on unemployment as well as the optimum utilization of natural, technical, and human resources. Another important item on the upcoming meeting's agenda deals with economic reform programs and restructuring and their impact on labor issues.

The agenda also includes items on union freedoms and rights in the Arab nations and the ratification of the Arab plan of action at the 81st session of the International Labor Congress scheduled for Geneva next June.

ALGERIA

Benhadj, Madani Reportedly Transferred

94AF0093D Algiers LIBERTE in French
20 Jan 94 pp 1, 24

[Article by D. Ferhat: "Sent to the Tizi Ouzou Prison Last July, Benhadj Is Transferred to the Blida Military Prison"—first paragraph is LIBERTE introduction]

[Text] After spending six months at the Tizi Ouzou prison, the FIS [Islamic Salvation Front] number-two, Ali Benhadj, was returned to the Blida military prison.

He was sent to Blida prior to his trial in July 1992 and kept there for a while afterward, we learned from reliable sources. However no information could be obtained as to the reasons of the transfer, which took place this week, a few days before the opening of the "National Dialogue Commission [NDC] Conference." Could there be a connection between this transfer and contacts with FIS leaders, announced and held in secrecy by the NDC? There is no indication that this is the case. But his return to the Blida military prison will enable Benhadj to join the other FIS leaders who were sentenced at the same time as he was: Kamel Guemazi, Ali Djeddi, Abdelkader Boukhamkham, Abdelkader Omar, and Nourredine Chigara.

As for Abassi Madani, according to indiscretions echoed in the press, he would be placed in an Algiers suburban residence.

Apart from that, we do not know if Benhadj's transfer has anything to do with his hunger strike of last December. This hunger strike, which was never officially acknowledged or denied, was announced by Rabah Kebir from Bonn, where he had taken refuge, in a press communique published by foreign press agencies.

The communique indicated that Benhadj wanted to protest "various measures taken against him," in particular "his transfer to the Tizi Ouzou prison where he was kept alone in a cell and no longer allowed to have visitors." We were unable to obtain the slightest information concerning the conditions under which the FIS number-two is held in prison. Concerning visits, however, we recall that Hachemi Sahnouni stated that he had paid a visit to Mr. Benhadj last 17 October.

On the other hand, his lawyers complained of some restrictions in this respect. But it would seem that these restrictions were motivated by the fact that Benhadj's defense lawyers were relaying his messages to the outside.

Our readers will also remember that one of his previous lawyers, Maitre Brahim Taouti, who had done just that, was sentenced to three years' imprisonment by the Algiers Special Court last May. Maitre Taouti had smuggled out of the Blida military prison a document signed by Benhadj, in which the latter called for the death of civilian personalities, in particular Mr. Hafid Senhadri, a CNSA [National Committee for the Safeguarding of

Algeria] founding member who was assassinated last March. In connection with that case, Benhadj was also supposed to be tried by a special court. But his trial, the date of which was never made public officially, has not taken place yet.

Republican Islamic Rally Created

94AF0093C Algiers LIBERTE in French 22 Jan 94 p 2

[Article by B. Nazim: "Ulemas and Duat Conference; Creation of the Republican Islamic Rally (RIR)"—first paragraph is LIBERTE introduction]

[Text] "To end 'itna' and bloodshed among Algerians."

The participants who took turns speaking at the ulemas conference focused their speeches on this slogan.

Called last Thursday at the Harcha auditorium by seven Islamic personalities, including Mr. Mahfoud Nahnah, the ulemas conference brought together several hundreds of people, in particular Algerian and foreign Islamic leaders. The participants took this opportunity to express their outrage at "the fratricidal fight among Algerians, assassination and threats against intellectuals, the worsening of the political situation, economic failure, and the rise of political and religious violence."

This situation prompted the ulemas to denounce "in righteous words, whatever is counter to divine order, with no fear of either the governing or the governed."

In this respect, the meeting gave the organizers an opportunity to announce the forthcoming creation of a Republican Islamic Rally, the TADJ [RIR].

It would be a nonpartisan movement including all the ulemas and all the Algerians who might feel concerned by the appeal, even armed groups "provided they put down their weapons," Mr. Nahnah indicated.

"We want the TADJ to bring together all the ulemas, the preachers, the Islamic Salvation Front (FIS), whether dissolved or not, En-Nahda [Awakening], the El Oumma (editor's note: league headed by Benyoucef Benkhedda), etc.

"All upright nationalists and all the Algerians who want to bar the way to those who cause trouble and divisions," he added.

At the close of the conference, Sheik Abou-Djara Soltani, professor at the Constantine Islamic University and conference spokesman, made it a point to clarify some issues raised by the organization of such a meeting.

Answering a question concerning the similarity [of the RIR] with Mr. Said Sadi's MPR [Movement for the Republic], Mr. Soltani bluntly stated that the RIR does not aspire "to any complementarity or normalization between Islamism and secularism"; the speaker even went so far as to state that the movement he is calling for "would oppose the MPR."

To those who wonder whether the time was well chosen to hold such a conference and create the RIR, Mr. Soltani said that the RIR does not claim to be a political formation and "has no ambition to take a direct part in the National Conference," although he did not rule out

the possibility that the RIR might act as a mediator between the FIS and the government, should it be asked to do so.

In answering all these questions, Mr. Soltani insisted on the nonpartisan nature of his movement which, he said, will strive to fulfill the function which was initially assigned to the Dawla Islamiya [Islamic State] league but which the league could not fulfill "for reasons beyond its control or reasons of its own." At the end of his conference, Mr. Soltani announced a forthcoming RIR conference designed to examine questions concerning its organization and operation, and the eventual creation of a forum for reconciliation and the settlement of conflicts.

Projected Consumer Needs Detailed

94AF0093A Algiers EL WATAN in French 8 Feb 94 p 4

[Unattributed article: "Food Supplies: What Will Algerians Consume in 1994?"—first paragraph is EL WATAN introduction]

[Text] According to Ministry of Trade estimates, 1994 consumer needs for wheat, wheat products, and legumes should exceed 12 million tons, whereas projected supplies will add up to only 8 million tons, pending the signature of new supply contracts.

Durum wheat needs should amount to 3.48 million tons, including 540,000 to constitute safety stocks. The projected offer is 1.55 million tons—enough for six months; it includes 700,000 tons from domestic production and 550,000 tons imported.

On 1 January 1994, stocks amounted to 300,000 tons.

Consumer needs for soft wheat represent 2.1 million tons, including 300,000 tons for safety stocks. The projected offer is 1.175 million tons, including 300,000 tons from domestic production and 475,000 tons imported—enough for 6.6 months.

Semolina needs are said to amount to 2.604 million tons, including 104,000 tons for safety stocks. The projected offer is 2.535 million tons, enough for 12 months. Domestic production accounts for 2 million tons and imports for 520,000 tons, while stocks on 1 January amounted to 15,000 tons.

For flour, needs are estimated at 1.77 million tons, including 70,000 tons for safety stocks, whereas the projected offer is 1.618 million tons. This quantity, which is enough for 11.5 months, represents 1.25 million tons from domestic production and 338,000 tons imported; on 1 January, safety stocks amounted to 30,000 tons.

As far as legumes are concerned, 52,000 tons of lentils should be required, including 8,000 for safety stocks. The offer is estimated at 22,000 tons, i.e., 20,000 tons imported and 2,000 tons from safety stocks on 1 January 1994.

For beans, needs should amount to 52,000 tons, including 8,000 tons for safety stocks, and the offer will amount to 15,300 tons (2.5 months)—12,600 tons imported and 2,700 from safety stocks as of January 1994.

Infant formula needs are estimated at 19,600 tons, including 2,800 tons to constitute safety stocks; the offer is projected at 10,140 tons—enough for 7.3 months—including 5,950 tons from imports and 4,230 tons from safety stocks.

Infant flour needs are estimated at 4,200 tons, including 800 tons of safety stocks, whereas the offer will be 2,590 tons (enough for 8.6 months), including 1,800 tons imported.

Powdered milk needs should amount to 119,000 tons, including 17,000 tons for safety stocks. As for the offer, it is projected at 61,620 tons—enough for 7.4 months—including 56,330 tons imported.

Green coffee needs should amount to 133,000 tons, including 17,000 tons for safety stocks; the projected offer is 63,000 tons, including 52,770 tons from imports. White sugar needs will amount to 988,000 tons, including 140,000 tons representing safety stocks, whereas the projected offer amounts to 755,000 tons, including 529,000 tons imported and 200,000 tons from domestic production. This quantity should be enough for 10 months and 20 days.

Refined oil needs are estimated at 420,000 tons, including 60,000 tons for safety stocks. For butter, 18,000 tons will be needed, safety stocks not included, whereas the projected offer is 11,000 tons, including 3,000 tons imported and 8,000 tons produced locally.

For raw materials, unrefined oil requirements are estimated at 407,000 tons, including 32,000 tons for safety stocks, whereas the projected offer amounts to 68,000 tons, including 56,100 tons imported and 12,000 tons from stocks (on 1 January 1994). This quantity is enough for two months.

Dry milk needs amount to 165,550 tons, including 23,500 tons for safety stocks, and the projected offer is 73,500 tons, including 43,000 tons imported—enough for six months.

For fats, needs are estimated at 53,700 tons, including 7,700 tons for safety stocks, whereas the offer is reported to be 27,100 tons, including 7,000 tons imported, which would be enough for six months, 21 days.

According to the same source, the import program for which contracts still remain to be signed will amount to \$1.493 billion. (APS)

Tamanrasset: Drop in Smuggled Goods

94AF0093B Algiers EL WATAN in French
27 Jan 94 p 5

[Unattributed article: "Tamanrasset: The Fight Against Smuggling Bears Fruit"—first paragraph is EL WATAN introduction]

[Text] (APS)—Several types of items, the importation of which is illegal, and other staples intended for fraudulent exportation, worth over 6.3 billion centimes (fines included) were seized by the Tamanrasset regional customs directorate during 1993.

According to the report published recently by the customs authorities, seized imports consisted essentially of Marlboro-brand cigarettes, fabrics, cosmetics, and automotive spare parts. The products intended for export consisted of Lahda-brand milk and infant formula, sugar, semolina, pasta, household soap, table oil, and fuel.

In this respect, although their resources are very limited, the customs were able to recover in 1993 large quantities of price-supported staples that would have been fraudulently exported to neighboring countries (Mali and Niger). They included, among other things, 10,888 cartons of Lahda milk and infant formula, 25 tons of pasta, 26 tons of semolina and flour, 3.5 tons of sugar, 5,018 cakes of household soap, 2,700 liters of table oil, 1.5 tons of rice, and 1,970 liters of gasoline.

In addition, 222,450 packs of Marlboro cigarettes, 12,068 meters of fabric, 16,450 cosmetic items, 1,855 automotive spare parts, and 20,000 electric bulbs, which were smuggled into the country to be sold on the domestic market, were seized in border zones. As a result of the seizure of these goods, 527 cases were investigated by the judicial authorities, the report indicated. However, according to the Tamanrasset regional director, Mr. Abdelkader Atmouni, 1993 saw a marked decrease in the volume of seized goods and the number of cases, compared with 1992.

This is because of increased crime and insecurity in the region, which deterred smugglers, in addition to the closing of the border with Niger, he said. In this context, we should also mention a considerable decrease in population movements through border posts.

Thus, there were 3,431 exits and 2,556 entries through the border posts of In-Guezzam and Tin-Zaouatine. These travelers are essentially inhabitants of border regions.

As far as barter is concerned, the Tamanrasset customs authorities noted a marked increase in trade among Algerians, Malians, and Nigeriens. They thus reported that over 5.7 billion centimes' worth of goods were imported from Niger and Mali, while 4.2 billion centimes' worth of Algerian goods were exported to these countries.

These figures denote a rather strong export/import imbalance which, according to customs authorities, is due to the unavailability of Algerian products for export,

especially those that are in very great demand in neighboring countries, such as plastic items and blankets (the exportation of which is authorized).

We should stress that, since its creation last May, the new Algerian customs general directorate has undertaken another territorial reorganization. As a result, the Tamanrasset customs regional directorate now consists of three district inspectorates (Tamanrasset, In-Guezzam, and Bordj Babji-Mokhtar).

The latter two were promoted to inspectorates. In addition, following the last visit of the Algerian customs general director to border posts in the Algerian far south, measures were taken to redeploy customs personnel, appreciably improve agents' working and living conditions, and provide more material resources. The objective was to make it possible to bring smuggling under control and fight fraud so as to halt the sapping of Algeria's economy.

Inflation Rates for 1993, 1994 Contrasted

94AF0093E Algiers ALGER REPUBLICAIN in French
13 Jan 94 p 2

[Article by M. M.: "1993: 20 Percent Inflation"]

[Text] The 1993 inflation rate was estimated at 20 percent. This figure was disclosed yesterday by the minister-delegate to the budget at a meeting held at the Ministry of Foreign Affairs.

Note, however, that Mr. Brahiti stressed the provisional nature of this figure. Thus, 1993 inflation was estimated on the basis of incomplete data supplied by the National Statistics Office and the National Plan Committee. This 20-percent inflation rate should be compared with the 32 percent officially reported in 1992.

As for the current year, Mr. Brahiti stated that inflation is expected to run to 25 percent. Thus, in current dinars [DA], a strong increase of the gross domestic product [GDP] is expected in 1994 (DA1,300 billion compared with DA1,089 billion in 1993), whereas in constant dinars (taking inflation into account) we have stagnation.

Still in 1994, public expenditures (DA535.3 billion) will increase by 11.1 percent, "i.e., at a rate much slower than the expected inflation." Public revenues, for their part, will amount to DA410 billion. According to the minister-delegate to the budget, the budget deficit of DA125.3 billion represents "9.6 percent of the GDP, or 3.8 percent if we exclude the business reorganization fund."

"This deficit, which is much lower than the 1993 deficit," Mr. Brahiti said, "must be assessed in relation to the State efforts, in particular for price and income support and business financial reorganization, as these efforts alone will continue to account for close to DA118 billion, i.e., 94 percent of the deficit."

Horrors of Daily Bus Transportation Described*94AF0093F Algiers LIBERTE in French 20 Jan 94 p 9*

[Article by A. Tahraoui: "Urban Transportation; Curse the Bus"—first paragraph is LIBERTE introduction]

[Text] Taking a bus in Algiers these days is no picnic.

The considerable number of buses placed at the disposal of citizens has not changed one whit the time-honored struggle the unfortunate Algerian must face every day. He has no choice; his professional and family life are conditioned by this ill of modern times: transportation. Well, then, to bus or not to bus? The adventure begins in the morning, on the way to work, to end only in the evening. How many of us do not have to pay their daily tribute in time, cutting down on sleep or work in order to catch a bus? How many of us do not have to put up with, or practice the "delightful" sport, which consists in elbowing one's way through the crowd to board a bus? Very few I should say. After standing about for minutes or even hours in an agony of impatience, the fateful moment finally comes, "his majesty" the bus is among us. Clear the decks! Without any warning, the "holy war" starts. Pushing, shouting, cursing, shoving. Everything goes. Here, an old woman is trampled underfoot; there, another one is "attacked." You wouldn't believe your eyes or your ears. To force their way to the bus door, the shrewder ones take the offensive, launching successive "raids" interspersed with shoulder knocks that could send you flying across the street. The "peaceful" ones choose to look on, waiting for any "ceasefire." That's a mistake. Attacks follow in close succession, ending only when the bus is moving. Once inside, "hostilities" subside. Eventually, there is a truce. The heat inside certainly helps. The bus is crammed full. It takes luck to find a seat, or even standing room in a less crowded corner, away from nauseating odors. A deathly hush prevails, interrupted now and then by the conductor, cursing this or that. Whew! Finally, we reach the terminal and our anxiety is relieved. We fight to get out as we fought to get in...rushing to freedom. The honorable ETUSA [the urban transportation board] must be thinking of a nuisance bonus, plus a medal of valor for anyone who does not crack up in these accursed buses.

EGYPT**Al-Azhar Scholar Urges Islamic Groups To Abandon Violence***NC1002190994 Cairo MENA in Arabic
1620 GMT 10 Feb 94*

[Text] Cairo, 10 Feb (MENA)—Shaykh Hasan al-Hallawi, an al-Azhar scholar, has confirmed that issuing death threats and killing peaceful citizens and innocent foreigners are matters not approved by Islamic law but are a distortion of jurisprudence and religion and a wrong interpretation of the Shar'iah.

On behalf of detained Islamic Action leaders, he issued an appeal today to youths of the Islamic Groups [al-jama'at al-islamiyah] urging them to make the month of Ramadan a starting point for discarding violence and aggression and for opening a constructive dialogue because it is the course accepted by wise people, because there is an atmosphere of freedom, justice, and security, and because the side that is afraid of dialogue has a weak argument.

Concluding his appeal to the Islamic Groups youths, Shaykh al-Hallawi said: Fear God, abandon this sedition, and listen to the counsel of the trustworthy scholars.

Tourism Minister on 1993 Losses, Plans for 1994*94AF0070A Cairo AL-AHRAM AL-IQTISADI in Arabic
10 Jan 94 pp 26, 27*

[Interview with Dr. Mamduh Ahmad al-Biltaji, minister of tourism and civil aviation by Sa'id Shilsh; place and date not given]

[Excerpts] [Passage omitted] Dr. al-Biltaji explains the tourism crisis, his view of privatization in the tourism sector, the effect of terrorist incidents on investment in tourism, the new tourism promotion plan, and the way to encourage Egyptian tourism.

With the mentality of a PhD-level economist and a businessman who served as an information attache and the head of the Information Authority for 16 years during which he circled the globe, and with the objectivity for which he is known, Dr. al-Biltaji granted the following interview regarding tourism and tourism plans as we enter the new year.

[Shilsh] What is the total extent of the losses suffered by Egypt due to terrorism incidents?

[Al-Biltaji] Terrorist incidents have deepened the tourism crisis in Egypt. The number of tourists dropped from 3.2 million in 1992 to 2.2 million in 1993. The number of tourism nights fell from 20.5 million in 1992 to 13.7 million in 1993. Tourism revenues fell from \$2.3 billion in 1992 to \$1.1 billion in 1993.

[Shilsh] The tourism sector is now being privatized. What is your view on this subject and the extent of its effect on Egyptian tourism?

[Al-Biltaji] I believe that the policy of encouraging the private sector is a successful policy, and I intend to reinforce it. However, I believe that any sales must be subject to market mechanisms. I do not agree with the sale of all of the hotels at one time, because such a sale would be incompatible with market mechanisms. The sale must be subject to market mechanisms. This requires expansion of the ownership base and avoidance of a glut, because a glut would result in unrealistic

development. Most countries that have attempted privatization began gradually, because flooding the market is not a sound policy.

[Shilsh] President Mubarak has recently devoted great attention to the tourism problem. He went personally to tourism areas following terrorist incidents against tourists that occurred in early 1993. What place does the tourism problem occupy in President Mubarak's mind?

[Al-Biltaji] Tourism is a major concern of President Mubarak. His going to the tourism areas gave a big boost to investors and employees in the tourism sector. Republic Decree No. 445 of 1991, which pertains to support of tourist attractions and the Tourism Development Authority, has had a major effect in boosting investment activity in tourist areas.

[Shilsh] Have the recent terrorist incidents affected tourist investment activity?

[Al-Biltaji] Some effect has undoubtedly occurred. However, investments have begun to return. The amount spent on investments in the tourist sector from 1981 to 1991 totalled 6.4 billion Egyptian pounds, of which the private sector accounted for 89 percent and Egyptian investments accounted for 54 percent.

The facilities provided by the state to investors have played a major role in encouraging investment activity, because investment in the tourist sector yields a quick return and enjoys a large number of tax exemptions.

[Shilsh] Some believe that the tourism crisis entails many factors, not just terrorist incidents and the Gulf war. What is your opinion?

[Al-Biltaji] I believe that the tourism crisis is structural and goes back to before the Gulf crisis and the terrorist incidents. The tourism crisis is structural. It is not a temporary disruption. What is happening is that the volume of tourism to Egypt is very low. It reached a peak in 1992, but Egypt's tourism revenues nonetheless reached the peak of despair. This volume (3.2 million tourists) represents only 0.64 percent of the volume of world tourism. I attribute this to the fact that the collective consciousness, investors, the private sector, and the media—because of its legacy—have not realized the importance of tourism as a new industry. Also, while the supply has increased, demand has not increased, because we have not applied the principles of sound promotion, as other countries are doing. How much do you imagine the countries of the world allocate to promote tourism? They spent from 1 to 2 percent of all tourism revenue for this purpose. We in Egypt have spent only \$3 million, even though our income from tourism was \$2.3 billion according to Central Bank estimates. If we subtract the time of the crisis and take 2 percent of tourism revenues as an average allocation, we should have spent \$23 million on promotion. If we look at what other countries have allocated for promotion, we find the following: Morocco, \$21.3 million annually;

Turkey, \$27.5 million; Greece, \$15 million; Cyprus, \$7.3 million; and France, 71.8 million.

[Shilsh] What then is the solution? How can you come up with the sums needed to promote tourism?

[Al-Biltaji] The solution is through the private tourism sector, the public treasury, and the Tourism Fund.

[Shilsh] Marketing requires a strong plan to yield rapid results.

[Al-Biltaji] A plan exists. It consists of invitations to visit Egypt, which have been extended to the key travel organizations, tourism companies, and the tourism trade media, as well as extensive public relations, because our problem is a lack of information.

[Shilsh] Who is managing the marketing campaign?

[Al-Biltaji] Let us begin with the traditional management, namely the 16 tourism promotion offices. We are now preparing a new plan to restructure these offices and to establish new offices near tourist attractions. The private sector also has a responsibility for making promotional efforts, and public relations firms should contract directly with foreign producers of information resources. [passage omitted]

[Shilsh] As 1994 begins, what is your view of the development of the tourism promotion program and the promotion of Egyptian tourism?

[Al-Biltaji] Our efforts consist of: promotional activity abroad based on a carefully thought-out professional plan to increase the demand for Egyptian tourism; the pursuit of an integrated tourism investment and development policy designed to increase the supply consistent with aspirations regarding a tourism revival in the future; the diversification of the Egyptian tourism product by arranging a series of regularly recurring cultural, musical, religious, archeological events throughout Egypt's key tourism governorates; efforts to promote these events as additional attractions; and the mounting of an intensive campaign to enhance domestic awareness of the importance of tourism as a source of jobs and income for the millions of Egyptians working in sectors related to tourism directly or indirectly.

[Shilsh] What can be added to current tourism promotion techniques and efforts?

[Al-Biltaji] Much can be added. For example, the creation of a calendar of annual festivals on the anniversaries of archeological finds of international interest, held at the site of the find; the creation of a calendar of musical festivals organized for tourism purposes; the creation of a calendar of different religious events; the creation of a calendar of athletic competitions, such as hunting competitions, car races, and yacht races; the organization of an international festival of Pharaonic sports; an allocation for important artistic and cultural sites and events held over the course of the year; an allocation for exhibitions of Egyptian agricultural and

industrial products; an attempt to establish the dates of these exhibitions and to expand their scope so that they become an added tourist attraction; the organization of a yearly crafts fair in Egypt; the organization of a celebration of folk arts, perhaps at tourist sites in Upper Egypt, during which festivals of Egyptian folk songs, music, and dress would be held.

ISRAEL

Iran, Moscow, London Within F-15I Range

94AA0039B Tel Aviv HA'ARETZ in Hebrew
1 Feb 94 p B1

[Article by Yo'el Marcus]

[Text] This is the first time that a government's military procurement decision has been accompanied by such open publicity about specific targets and objectives. Reports about the selection of the F-15I made banner headlines in most of the Israeli media as "the plane that can fly to Iran and back without refueling." If they had just wanted to tout the virtues of the plane and justify its astronomical price (more than \$100 million per aircraft), they could have noted that it has the range to reach London and Moscow. Most likely, however, neither the British nor the Russians would have appreciated Israel's pointed gesture.

All the more so, indications that Iran is the target of the F-15I are neither unappreciated nor taken as a joke in Tehran. If I were Iran's chief of staff, I would see the headlines coming out of Israel, and the fact that they emanate from Israel's top brass, as a serious military threat. The ability of the F-15 to reach Iran without refueling reduces the value of continuous operations there. So, if I were the Iranian chief of staff, I would pay attention to the timing of the publication of a book on Israel's nuclear might and conclude that these planes are intended for nothing other than to be the means of delivering nuclear weapons. This threat, which we have gone to such lengths to make public, provides Iran a legitimate reason for taking drastic "defensive measures" and arming itself with a deterrent. Is that what was intended when we specified the target?

Israel this week named Iran as our foremost enemy in the future. The troubling question is, how do we reach such fateful decisions? Who decides, and how and where is it decided, who is Israel's future enemy? Did the general staff come to this decision after probing discussion? I doubt that. Indeed, both the chief of staff and the chief of Army Intelligence last year refused to identify Iran as the enemy. Did the government sit in one of its famous marathon sessions and decide that it needs to prepare for war against Iran? To the best of my information, no real decision of that nature was made. So who has decided who the enemy is?

Yitzhaq Rabin's initial comments regarding Iran were made in the Knesset on 20 January 1993, in answer to a

question posed by Knesset member Efra'im Sheh. Rabin said then that: "We are following with concern Iran's nuclear activities and its attempts to develop a long-range ground-to-ground missile." The practical conclusion he expressed then was that: "We must speed up the peace process and create an international system that provides an answer to the Iranian threat."

Over the past year, Rabin frequently has stated his concern about the Iranian threat. The administration's decision to make the advanced technologies of the F-15 available to Israel surely comes from Clinton's appreciation of Israel's fears about Iran.

Sneh, who has led in sounding the alarm against the Iranian threat, both in Israel and in mobilizing world public opinion, does not believe that 20 F-15I aircraft are the answer to the Khomeyni ideology. In fact, we have not yet found a military answer to the danger of what Rabin has called "Khomeynism without Khomeyni." The only thing we have done, not without a little success, has been to arouse international attention and to point out that a missile that can reach Israel also can reach Riyadh, Tokyo and New Delhi, a fact that explains American pressure on North Korea not to sell long-range missiles to Iran.

Iran potentially is a future strategic threat to Israel. As a matter of priorities, however, Israel does not head Iran's list of strategic targets. Iran is working at this stage on three tracks: 1) systematic exploitation of oil exports; 2) undermining the current Arab regimes—Egypt, Lebanon, Iraq, Algeria, Saudi Arabia, and Jordan and, of course, subordination of the Palestinian entity through Hamas; and 3) the final goal, which is to marshal the 900 million Muslims of the world into its service under a single theological roof.

In the long term, if Iran realizes its dream of building a Khomeynian empire in all the Muslim nations, from Algeria to Turkmenistan, Israel would have good reason for concern. But by identifying it now as an enemy target, we force Iran to move Israel to the top of its list of objectives. By making clear that we are receiving "an airplane that can reach Iran and return without refueling," we are showing off more than we are showing wisdom.

Schiff on Recognition of Israel as 'Nuclear State'

94AA0039D Tel Aviv HA'ARETZ in Hebrew
7 Feb 94 pp 1,8

[Article by Ze'ev Schiff]

[Text] Three Americans, including Admiral William Crowe, a former chairman of the Joint Chiefs of Staff who now serves as unofficial adviser to President Clinton, and McGeorge Bundy, former national security adviser to two presidents, are calling for recognition of Israel, India, and Pakistan as nuclear states if they agree to announce that they possess nuclear weapons. According to the proposal's proponents, such an

announcement would enable the three states to be more moderate, less threatening and more careful in the future.

This proposal appears in a book published by the Foreign Relations Council and authored by Admiral Crowe, Bundy, and a physicist, Cindy Drill. The book, which deals with lowering nuclear threats, contains a chapter on Israel, India, and Pakistan. This is the first time that such a proposal has been made in print by people with their background in security. Although they do not hold official position in the Clinton Administration, the three, and especially Crowe, are close to the government's highest levels.

The authors state that such recognition would require amendment of the international agreement on nonproliferation of nuclear weapons so the three states can become parties to it. Israel, Pakistan, and India are not signatories to the nonproliferation treaty, which identifies as nuclear states only those countries that conducted atomic testing before 1967. The treaty is scheduled to be updated, apparently by amendment, in 1995.

In addressing this issue, the authors state that Israel, India, and Pakistan are, in effect, "undeclared nuclear states," and contend that Israel definitely possesses sizable holdings of nuclear warheads. By their estimate, India possesses the know-how and materials required for rapid production of nuclear warheads whenever it wants. Pakistan's situation resembles India's, although at a lower level. The authors believe that when neighboring states contend that these three are nuclear nations, the charge is true.

Israel is said to engage in a deceptive and hypocritical nuclear policy. According to the authors, Israel argues that secrecy causes its neighbors less worry, but it also does not want to worry its friends, particularly the United States, by stating that it has nuclear weapons. This position has increasingly led to difficulties, so that many reject it as absurd and even aggressive.

The authors believe that the three nations are hurt politically by their claim that they do not possess nuclear weapons and that each of them is paying a heavy political price for it. Israel, as a result, finds it difficult to explain that its neighbors have nothing to fear from its nuclear weapons unless they seek to destroy her. The authors state that in the current situation, in which people shut their eyes to Israel's nuclear arsenal, talks on limiting nuclear weapons in the Middle East are meaningless.

In the authors' view, Israel, India, and Pakistan desired nuclear weapons for compelling defensive reasons, whether to deter enemies or to repel major invasions of their lands. One can debate the gravity of this threat, but their neighbors must consider that each of the three, and each one on the way, sees nuclear arms as defensive weapons. The fact that the three nations guard their nuclear weapons in secrecy indicates a degree of moderation. It is certainly true that the nuclear arms in their

possession do not represent a threat of aggression. If they now reveal openness, it will be possible to deal with them in a realistic way rather than as though they do not exist. Like the five big nuclear states, India, Israel and Pakistan will be able to display a large measure of moderation.

As for Israel, the authors say that if the United States were to announce that it regards Israel as nuclear state, that would place the situation in a realistic light and undoubtedly make it easier for Israel to tell the truth. The problem is that governments do not like it when other nations give away their secrets, and certainly not nuclear ones. Thus, the best way out of the thicket, in their opinion, would be an independent Israeli decision to declare that it has nuclear weapons.

Official Israeli sources queried about the proposal said that although it has some interesting and positive features, it clearly is also fraught with possibilities for enormous political complications.

Analysis of Aircraft Industry Reform Program

94AA0039C Tel Aviv HATZOFE in Hebrew
24 Jan 94 p 2

[Article by Hayim Fiqarsh]

[Text] With each side seeking to impose its position, management and the employees of Israeli Aircraft Industries [IAI] have quarreled for months on end over how to carry out the recovery plan. Rounds of talks between the sides have been accompanied by angry demonstrations by workers and, at times, by outbreaks of violence in which employees vented their rage on factory machinery and management offices. The moment of truth, however, has arrived—and IAI's recovery plan, which was submitted yesterday for the government's approval, is going into effect.

In practical terms, the plan means dismissal of 2,900 workers at a cost to the government of more than \$400 million. The workers' committees, as well as the Histadrut, have now given their consent to the plan, a "verdict" that some of those subject to dismissal do not accept. Not in vain did candidates for layoffs recently hold a number of demonstrations against members of the committees, but it seems that everyone has become reconciled to the need for dismissals to give IAI's recovery plan a chance.

The recovery plan was hammered out jointly by the government, IAI's management, the Histadrut, and the workers themselves. It went into effect with the Histadrut's signing of the agreement last weekend. The key clauses of the plan provide for worker layoffs with limited compensation to be paid by Mavtakhim, the Histadrut's insurance company.

As if the sweeping dismissals were not enough, the workers have stated their willingness to take pay cuts of 15 percent by giving up the salary raises and cost of living increases that every Israeli employee is to receive

this year. Another clause, which is considered essential to the recovery plan, grants IAI's management greater authority to transfer workers according to production needs among the various factories as they arise. This employee transfer clause was one of the main sticking points during the contacts and negotiations between the sides.

People are now wondering whether the plan will save Israel's aircraft industry or give it some breathing room in the continuing world crisis that is putting red ink on the account books of most of the world's aircraft corporations. The threat presented by the crisis still hangs over IAI's skies. The industry's good times lie in the past; those days, when more than 24,000 workers were employed, will not return. The workers, too, know that; that is why they are willing to give up some of their take-home pay. More than a few of the workers who were destined to receive pink slips have already left the country, many of settling in South Africa or America's Silicon Valley. Others, who still have years to go before they can leave on pension, have taken early retirement on the promise of modest compensation. Yet there exists among the workers laid-off a segment that does not want to accept the judgment; it is a good bet that the "workshop quiet" will be shattered. As a general matter, however, the recovery plan for this major industry is becoming a concrete fact on the hope that IAI will learn to get back on its feet, and even open its doors to new markets, or adopt modern work techniques with new market shares both here and abroad.

The success of IAI's recovery plan is of major importance for other Israeli businesses, including the military industry, that have sunk into crisis. As the upheaval in them persists, more than a few of those leading the fight for employees seek to rely on facets of IAI's recovery plan. Even so, the government has poured in more than 800 million shekels in recent months, to make possible the dismissals of close to 2,500 workers even within such a framework. Now it is arranging for the release of still another 300 workers and even the shutdown of an additional two or three "unprofitable" installations.

There is concern at military plants, too, over an unclear future. In the past, Israel could take real pride in its military factories, which employed more than 18,000 workers; today, that number is estimated at just 5,000. The military recovery plan also included testing production lines for the civilian market as well as shifting plants in the center of the country to regions of the Negev. That idea made sense, because the explosions occurring in those installations endangered residential areas; the compensation that had to be paid for damages to homes and businesses could have sped up the transition to the Negev. Finance Minister Avraham "Beiga" Shohat now insists that these plants must not be moved because the costs involved amount to more than 300 million shekels.

Overall, production cutbacks in military plants are placing their economic future in doubt. A business such as Rafa'el, which is in a crisis, also raises grave concerns

regarding Israel's future security because of further reductions in arms production. It looks like the government will not be able to evade this problem; it will soon have to give its attention to the future of these installations, perhaps on the basis of IAI's recovery plan.

Analysis of Koor Investments, Acquisitions, Stocks

94AA0039A Tel Aviv HA'ARETZ in Hebrew
4 Feb 94 pp C1, C8

[Article by Marit Gilat]

[Text] Prizma, a new dye factory run by Koor's subsidy Makhteshim, began operation last week. Koor described the venture as part of its strategic diversification designed to broaden the company's basket of products.

Much has been said of the recovery plan, by which Koor's creditor banks have forced it to sell its controlling interest in Tambor at a price far below its current worth. Koor's renewed entry into the Israeli dye industry is intended to break Tambor's monopoly over 80 percent of the local market.

There is more than meets the eye in this script. Koor may have sold its direct interest in Tambor but it continues to hold half the shares of Mashav, which owns 24 percent of Tambor's shares. At the end of this chain, Koor has 12 percent of Tambor's shares. The opening of a rival dye company does not mesh with its interests as a part owner.

It seems reasonable to conclude that Koor was unwillingly drawn into the venture by Makhteshim even though Makhteshim's CEO is Yehuda Milo, Koor's deputy CEO.

"Koor controls lines that are fundamentally independent," a member of Koor's board of directors explained this week. "Not everything is set from above. A subsystem can identify a business opportunity in a field that runs against Koor's interests, the management team brings the proposal to the company's board of directors and the board then decides. The chairman of the board does not make the decision himself."

The dye company is just one example of a symptom inherent in Koor's strategy of diversification—its fluid assets are not within the company itself. Koor's latest financial report shows a considerable improvement in its fluidity, amounting to working capital of 724 million shekels at the end of September, 1993.

The financial reports for the first seven months of this year, however, are combined reports. Koor admits that most of its fluid assets were drained in satisfying its debts to Israeli and foreign banks.

The company's current fluid holdings are in its subsidiaries, primarily Nesher and Tadiran. The Prizma

project is proof that under current conditions, Koor does not have absolute control over its lines of investment or their nature.

On the other hand, Koor will have no difficulty finding funds to finance its diversification program on its own. Because it is not leveraged at present, it enjoys a wide field for acquiring funds. Indeed, it expects to raise close to 120 million shekels in convertible bonds, which it will use carrying out its five-year strategic plan.

Koor must expand in order to preserve its returns on capital. The high profits of 1992-1993 led to a sharp increase in its shareholder equity. Accordingly, it must expand its sources of income and, above all, diversify them.

The company's recovery plan was essentially a consolidation plan by which Koor sold dozens of concerns. The reduction brought it back to profitability but also made it highly dependent on three sources of income: Tadiran and Telrad, Nesher, and Makhteshim and Agan.

Tadiran alone accounted for one-third of Koor's profits in 1993. Along with Telrad, its dependence on the communications branch is very high.

This dependence is particularly problematic in light of Tadiran's own deep roots in Bezeq, which is suffering from steadily lower prices; it also is having difficulties making the transition from the local market to exports and from a slice of the military market to the civilian one.

Its opportunities in cellular phones also have plunged since GTE withdrew from competition. If it does not find a new partner, it too will have to drop out.

Koor's success in 1994 will depend on its success in steering Tadiran through an obstacle course. That, apparently, is the reason that Koor's CEO, Benny Ga'on, recently appointed himself chairman of Tadiran.

The goal that Koor has established for itself in the strategic plan is to reach annual sales of \$3 billion by 1997, \$1 billion from exports. The strategic plan is based on an economic survey the company made that identified two critical fields with potential—the tourist industry in peacetime and the capital market. As for tourism, Koor has announced its intention to go into four areas: hotels, car rental, travel agencies, and holiday parks. As for the stock market, Koor's managers are talking about opening or buying a brokerage house.

In fact, market analysts say, Koor has already begun making vast acquisitions. "There is practically no company trading on the market that has not passed over Koor's desk," is the way a senior figure at a competitor puts it. "As a general matter, it looks like the company is buying almost everything available, and at high prices."

Despite a superficial resemblance to the Koor of prerecovery plan days, this is not a return to the mold that brought it down back then. In the 1980's, Koor bought

anything at hand, including highly leveraged, money-losing businesses without knowing what was going on inside them. Its motives were partly political, and the interlocking debts among the companies dragged the whole system into bankruptcy.

Today, the companies do not owe debts to one another. Each profit center is autonomous, so a loss in one company will not topple the entire house of cards. But the prices at which Koor has been making its acquisitions, critics contend, are liable to become problems in the future.

'Ami Goldene, managing director of Me'ir 'Ezra, which is competing with Koor for acquisition of Milutal, a frozen vegetables business, has assailed Koor for the high price it offered for the business. Goldene may have an ax to grind, but the capital market provides other examples. Along with Klal, Koor bought Yuli Ofer's holdings in Carmel Granites at market prices.

Of the acquisition of 15 percent of Arki'a, one market analyst says, a company like Koor has no reason to invest in a business without taking control of it. "You have to remember that the moment that Eilat has 6,000 hotel rooms, another carrier will be able to enter that route. Arki'a will lose its monopoly and be forced to cut fares," says the analyst.

The purchase of the Kinorot Tiberias hotel has also drawn criticism. "If Koor wants to enjoy the peace dividend, it has to build hotels rather than buy them. When you buy a hotel today, the price already reflects the expected dividend," says the analyst.

Koor is used to giving reasons in its defense. Koor's CEO, Benny Ga'on, refused to be interviewed for this article, but other company officials stressed that the best evidence of Koor's caution is the long list of companies that it contacted—and turned down. A random and unrepresentative sampling of the list includes Tempo, Sahar, Moritz-Tukhlar, Dan Rent-A-Car and Histour.

"There is a lot of noise surrounding Koor, a sense that it has a hand in everything. Koor is thought of as a company that brings financial and organizational skills. We get business offers every day," says a Koor official, "but we turn away most of them. If you look at where we have actually put our money, you see that the company has been very selective."

According to this official, once Koor achieves the goals it has set itself, it will stop the entire process. "You can expect that we will quit running after opportunities at a certain point."

With the exception—surprisingly—of Milutal, the officer completely rejects complaints about specific investments. "The deal still is not done and nothing is definite," says the official. "The frozen vegetable market is highly saturated and we have a lot of questions. It will depend on the numbers the other side shows us." As for

the other investments, adds the official, all considerations were taken into account at the time of acquisition.

"How can you say that we bought Arki'a at market prices when the deal was done the night the shares were issued? On paper, we've made 25 million shekels since the sale, a half million sheqels a day," says the Koor official.

Someone else, outside the company, also rejects the criticism. "Two years ago, Koor was deep in the recovery plan and not in a position to buy anything. What IDB [Israel Discount Bank] got quietly during those two years, Koor is now doing all at once and very noisily," says the CEO of one of the economy's leading corporations.

"They said prices on the market were high two years ago, too, and it later turned out that anyone who did not buy then lost out, and big. It is true that Koor is now buying at market prices and multipliers of 25 and 30, when many companies are being sold above their value. The problem is not companies that are sold on the stock market but those not on the market. But you have to remember that even Koor itself is acquiring ever higher multipliers, so it is difficult to say definitely whether it is buying at exceptionally dear prices," says the CEO.

If one can judge by Koor's publicly traded stock, the market still has not decided. Its shares sell now for the same price they did six months ago, far below the overall share index. Some attribute that to the volume of trades that the government set in motion on the market. Others see it as a vote of no confidence in the strategic plan.

Three directors have resigned from Koor's board over the past half year. Some have tried to link the wave of departures with a feeling of uneasiness arising from developments in the company. The three members involved categorically deny that and claim that they resigned because of conflicts of interest. Accountant Ariela Zukhobitzky preferred the stock market's board of directors. Minister Shalom Shiran says that Koor's entry into the world of stock portfolios made him fearful of conflicts of interests because he serves as adviser to a number of companies in the field. "If I would had any complaints, I would have made them known," contends Shiran.

Shmu'el Rotem, of Nayar Hadera, says that he decided to resign after he was asked to serve as director on behalf of the public; there was some overlap between the operations of Argaz and those of Markavim, which is a subsidiary of Koor. Rotem cut to the heart of the matter in a single sentence: "Koor's directors and management have to guard against euphoria and keep a sense of proportion in their decisions and activities."

People close to the company today speak out more pointedly when the word "euphoria" goes around. "Some acquisitions were worth getting, some not. Some things might have been bought more cheaply," said one person close to the company.

"It is natural that a sense of euphoria has developed in Koor," says one member of the board of directors. "It is no wonder that that is happening in a company that was mired so deeply in the mud and got out thanks to good management. Undoubtedly there are people on the leadership teams who have said the same thing."

Benny Ga'on, say those close to Koor, wields almost total control over the company. Partly, that is a matter of his charismatic personality and the status he can claim as the man responsible for the company's revival. But the deeper reason is that Koor has no owners in the true sense of the word, and in the absence of owners, one member of the board explained, management becomes whatever it can.

Koor bore the yoke of the bank arrangement until a year ago. When it was freed of the arrangement, Hevrat Ha'ovdim, which now holds 37 percent of Koor's shares, was supposed to step back in and take on the role of owner. Since the collapse of the Histadrut's own companies, however, this body has been emptied of much of its substance. If Hevrat Ha'ovdim is now regaining its strength, that is due to its possession of Koor, and not the reverse. Prof. Eytan Sheshinsky, chairman of Koor's board of directors and a dominant figure in his own right, was formally appointed by Hevrat Ha'ovdim. But as an active partner in the recovery process, Sheshinsky was identified more with management than with the shareholders.

In any event, Hevrat Ha'ovdim's control over Koor is temporary. In the meantime, Bank Hapo'alim is the sole body that has exercised the options it received as part of the Koor arrangement in return for wiping out its debts. The bank has held 23.9 percent of the company's shares since August, 1993. When the other banks, foremost among them Bank Le'umi, exercise their options, Hevrat Ha'ovdim's share of Koor will drop to 22 percent and Bank Hapo'alim will become the controlling shareholder in the company.

Bank Hapo'alim already keeps real holdings to the extent permitted by law, so the Bank of Israel has instructed it to sell its interest in Koor; it is also, in any case, forbidden to be the company's largest shareholder. According to the banks' restructuring plan, however, Bank Hapo'alim will be required to sell most of its holdings in Klal, Deleq, Ampal and Dior P.B. Sources close to the bank estimate that it would prefer to sell one of its other large holdings provided that it can take control of Koor.

In any case, changes recently were made in Bank Hapo'alim to increase its involvement in Koor. Formally, the creditor banks had two representatives on Koor's directorate—Roni Feinstein and Moshe Veitman. Bank Hapo'alim, whose holdings entitle it to appoint four of Koor's board members, is now working to place two of its people on the management council. Those are Dafna Peli, secretary of Bank Hapo'alim, and Badan Yahas, who is in charge of the bank's finance and

customer services divisions. Both were involved in overseeing Koor during the recovery plan, so they know the company well.

"It is not that the board of directors has failed to do its duty, God forbid. There were a number of arguments and incidents in which the directors refused to confirm plans that management had brought. That is the same thing we have seen in Bank Le'umi and Bank Hapo'alim. In the same way, it is hard to point to anyone who gives orders to Moshe Zanbar or 'Amiram Siyon," says one member of the board.

As he sees it, Bank Hapo'alim's control of the board of directors will change the picture. "The moment that Hapo'alim becomes owner and appoints its own people, it will exercise tremendous influence in the way it sees fit. It isn't a question of caution or of someone with a better understanding of how the economy works. 'Amiram Siyon is not preferable to Benny Ga'on—they hatched from the same egg. It is a question of balance in making decisions."

[Box, p C1]

Koor's Investments

Capital Market: Established an investment company, Primavera, in partnership with Yosi Hakhmi of Hap-anex and Udi Recanati. Conducting negotiations for acquiring a brokerage house.

Tourism: Launched a subsidiary called Koor Travel Enterprises, through which it bought 15 percent of Arki'a and the Kinorot hotel. Appointed Dany Rubinstein, formerly of the Yisrotel chain, to plan its entry into the hotel industry.

Food: Expanded involvement in the industry by linking Tami to the international company GFC while reducing the share of Koor and George Factor to 49 percent. GFC produces Knorr soups, Mazola Oil, and Hellman's Mayonnaise.

Bought half interest in Hod Lavan. Conducting initial contacts over acquiring control of Milutal. At the same time, reduced its production lines, closed Nun and consolidated Etz Hazayit and Shemen.

Chemicals: Opened the Prizma dye factory.

Recycling: Established a subsidiary, Koor Recycle Works, to recycle trash and clippings.

Peace: Began preparing for the event two years ago by founding Koor Peace Enterprises, through which it carries on contacts with international and Palestinian figures for building infrastructure in the territories.

Trade: Koor Trade began its activities in the Vietnam branch. Has gone into marketing construction materials with the HGII Company.

Marketing: In partnership with the international company Metro, entered into opening Shalam Ve'sa retail food stores. Opened the Home Center chain.

Abu-Dis Land Sales to 'Ateret Kohanim Discussed 94AA0038C Tel Aviv HA'ARETZ in Hebrew 3 Feb 94 p 4

[Article by Moshe Reinfeld: "An Appeal to the High Court of Justice To Investigate the 'Tailoring' of a Tender Request for the Sale of Land in Abu Dis to 'Ateret Kohanim"]

[Text] The Peace Now movement and MK [member of Knesset] Hayyim Oron appealed yesterday to the High Court of Justice for it to order the General Custodian to cancel the tender request for the sale of 33 dunams of land in the village of Abu Dis, which is south of Jerusalem. They are asking the court to instruct the General Custodian to transfer the land to the state, and to obligate the government's legal adviser to open an investigation into serious irregularities in the procedures of the tender request.

Presiding High Court of Justice Judge Theodore Or yesterday issued a temporary injunction forbidding the carrying out of the tender request process, including a meeting that was to be held yesterday in the office of the General Custodian, until the decision of the High Court of Justice on the appeal.

The appellants argue, through attorney Dany Zeydman, that the very decision to issue the tender request is not legal, and is tainted by extreme lack of reasonableness. According to them, the decision stems from extraneous considerations of preferring the settlers in general and the 'Ateret Kohanim Yeshiva in particular, over the good of the public. The appellants argue further that even if the decision is found to be reasonable, the tender request itself is defective to the extent that it becomes a tender request in appearance only.

According to the appellants, it becomes clear from the minutes of the deliberations of the General Custodian that the regular attorney of the 'Ateret Kohanim Society, Eytan Geva, and its main contributor, Ervin Moscovitz of the United States, had already been brought into the earliest stages in the process of the decision to issue the tender request. In this manner, 'Ateret Kohanim and those close to it were given an unequal opportunity to learn about the land being offered for sale and to put together their offer accordingly.

At the critical meeting where it was decided to issue the tender request, only two days before its publication, there was discussion of an explicit proposal of 'Ateret Kohanim, and the representative of the General Custodian even recommended that the proposal be accepted.

It is also asserted that the tender request itself was issued even though the Israel Lands Administration expressed its agreement to receive the lands into state ownership.

According to the appellants, not only did the General Custodian ignore this agreement, it also issued the tender request without announcing this to the proper persons in the Administration.

A Systematic Policy

The appellants also assert that the General Custodian issued the tender request even though there are still no plans. This means that the price that will be asked for the land will be radically lower, and the proceeds from the sale will be reduced. The General Custodian issued the tender request after he himself acted to release this land for construction, but he abandoned this process while it was going on.

In this regard, the appellants note that the policy of the Israel Lands Administration is not to issue a tender request for land that is not planned.

The appellants note that a man who was employed by 'Ateret Kohanim as an identifier of land in the territories, for the purpose of purchasing it, is now employed in a similar position in the office of the General Custodian. They emphasize that the tender request for the land in Abu Dis was published in only one newspaper, in contradiction to the instructions of the law, and with an extremely short period for submitting bids.

According to the appellants, such acts are actually another link in the systematic policy of the General Custodian to earmark in advance and illegally monies and land to settler societies in East Jerusalem, as a committee headed by Ministry of Justice Director-General Hayyim Klugman, which examined the subject, has already described.

The appellants believe their suspicions were reinforced by an "appraisal" that was made of the value of the land in Abu Dis. A minimum price of only approximately \$66,000 was established, which is the price a one-room apartment in Jerusalem, was established for 33 dunams.

It also appears that the General Custodian deviated from the statutes regarding tender requests for the sale of lands, to which he himself is a signatory. According to these statutes, the chairman of the tender request committee is supposed to open the envelope that contains the appraisal of the government appraiser, and to record it in the minutes, without bringing it to the knowledge of the bidders.

However, not only was the appraisal known to 'Ateret Kohanim, but it was also not from the government appraiser, rather from the staff officer for appraisals in the Civil Administration in the West Bank. And this was even though the land is located in an area where Israeli law applies, and which is not in the area in which this appraiser specializes.

LIBYA

Al-Qadhdhafi Announces Arrest of Spies

94AF0079B London AL-HAYAH in Arabic
27 Jan 94 p 4

[Article by Ashraf al-Faqi in Surt: "Al-Qadhdhafi: 'We Have Arrested Spies Working for U.S. Intelligence'"]

[Excerpts] Libyan leader Colonel Mu'ammarr al-Qadhdhafi has announced the arrest of spies in the pay of U.S. intelligence. AL-HAYAH has also learned that the Libyan General People's Conference has conducted a limited cabinet reshuffle.

The Libyan media yesterday reported al-Qadhdhafi's remarks in Benghazi, in which he said that Libya had arrested "spies" working for the U.S. Central Intelligence Agency, among them hardline Muslims, and threatened that the Libyan people would tear any "traitor" to pieces.

Al-Qadhdhafi gave no details about the identity or number of the alleged spies, but he said that they had spread false rumors to the advantage of U.S. intelligence.

"The traitors are not only the spies we seized the day before yesterday," he said, "nor only stray dogs [dissidents], but also those who had joined the Muslim Brotherhood organization."

He added that the spies were acting as part of a plan to weaken the morale of the Libyan people in facing the sanctions imposed by the United Nations, to force Libya to hand over those accused of blowing up the Pan American plane over Lockerbie.

"They [the spies] are responsible for many of the rumors we heard in the streets, on the orders of U.S. intelligence," he continued. "The rumors were fabricated and concocted for them by U.S. intelligence, who asked them to spread them among Libyan citizens to hamper the spirit of our people, and make Libyans have doubts about their revolution, to weaken them before America, Britain, and France, and make them hand over their sons. The Libyan people will chop them into pieces." [passage omitted]

Libya Prepared To Live Without Its Oil

94AF0079A London AL-HAYAH in Arabic
25 Jan 94 p 4

[Article by Ashraf al-Faqi, in Surt: "Foreign Minister 'Umar al-Muntasir: 'Proposals to End Lockerbie Crisis'"]

[Text] Mr. 'Umar al-Muntasir, the secretary of the People's Bureau for Foreign Liaison & International Cooperation—the Foreign Minister—has announced new Libyan proposals aimed at finding a solution to the Lockerbie crisis, with Western sources in Libya saying,

in a statement to AL-HAYAH, that "the crucial thing is not proposals, but Tripoli's compliance with Security Council Resolution 731."

In a press conference held yesterday in the city of Surt, al-Muntasir asked the United States, France, and Britain to help his country put an end to the Lockerbie crisis, as the result of the "severe harm" done to its economy. He expressed his consent to a trial of the suspects in the Lockerbie case, 'Abd-al-Basit al-Miqrahi and al-Amin Khalifah Fuhaymah, by Scottish judges in any third country (other than the United Kingdom or United States) agreeable to the three countries.

He accused the American administration of playing the role of bully in the Security Council. He said that it was putting pressure on all the countries, including France, and not even sparing Dr. Butrus-Ghali, secretary general of the United Nations.

He added that his country had adopted an Egyptian proposal last November that demanded the handing over of the suspects to France through the Arab-Maghreb Union, adding that France had rejected this proposal due to American pressure. "It is not just," he said, "for the Americans to reject our efforts to find a solution." He renewed his refusal to turn over the suspects to the United States or Britain, because they would then "not be able to defend themselves." He said that, if the accused were to surrender themselves voluntarily to these countries, "all they would have to do is to give their names, for them to be found guilty."

Al-Muntasir called on Germany and Italy to help Libya in its efforts to find a solution that "respects Libyan sovereignty," given that Germany is a "partner" in the Lockerbie case, as the flight of the Pan American aircraft that blew up over Scotland had begun in Frankfurt.

Al-Muntasir accused Arab governments of failing to achieve reconciliation, and demanded that their peoples find a way to conciliate, especially as "these governments wasted a basic opportunity to develop" when the price of a barrel of oil was \$40. He disclosed that his country is in the process of again reviewing its political relations with the countries of the world, "in line with [Libya's] interests and those of the Arab countries." He said that the peace talks in the Middle East were nothing but "surrender solutions."

He said, "We are awaiting the outcome of the contacts of Arab League Secretary General 'Isamat 'Abd-al-Majid regarding his initiative on [Arab] reconciliation."

Addressing President Bill Clinton's threat, two weeks ago, to issue a resolution preventing Libya from exporting its oil, he said, "We are dealing with a bully, and we must face facts. We have a vicious enemy who can do that. But Libya is prepared to live without its oil."

Central Bank Governor Addresses Money Supply 94AF0079C London AL-HAYAH in Arabic 1 Feb 94 p 4

[Article by Ashraf al-Faqi from Surt: "Libyan Central Bank Governor: 'One Third of Liquidity Is Outside Banking System'"]

[Text] Libyan Central Bank Governor Mr. 'Abd-al-Hafiz Zulaiyini has said that the volume of monetary liquidity in his country is now nearly 6 billion Libyan dinars (LD), of which 30 percent is in circulation outside the banking system.

He added, in a statement to AL-HAYAH, that Libya would take steps to attract this liquidity (partly savings) into the channels of the banking system to prevent a drop in the exchange rate of the Libyan dinar, and to provide the liquidity needed to support projects the authorities have decided to undertake.

He views a rise in the interest rate as a major means of attracting these savings, saying that the new interest rate would exceed the 9 percent currently payable on savings deposits.

The Libyan official revealed that his country had resorted to an "open exchange policy" (without the security of financial backing) following the 24 percent decline in its revenues during 1993, compared to the previous year, in which foreign currency revenues were nearly LD2.4 billion.

He said that allocations for the various sectors had decreased and that the open exchange rate had not exceeded 3 percent of total revenues. He explained that there were great risks in this policy for the exchange rate of the Libyan currency and the economic situation.

Zulaiyini believes that the reform of the economic system in Libya could occur through the implementation of policies to hold the budget deficit to the lowest possible level. He said that this could happen through a high-interest public bond issue, the allocation of a budget item to service the public debt, and the avoidance of borrowing except for productive projects.

Checks and Cash

He called on the Libyan people not to deal in cash, but to deposit it in the banking system, so that the use of checks might take the place of cash, with the aim of reducing supply. He confirmed the need to collect Libya's foreign debts, estimated at nearly \$2.1 billion and 22 million French francs. He emphasized the settlement of these debts in cash or in kind, and cautioned that his country would resort to legal means to get its money back from abroad should the debtor countries procrastinate.

He said that halting the smuggling of Libyan dinars abroad was the responsibility of security and customs at the various frontier points. He called for the strengthening of monitoring of currency flight, and of abiding by a law criminalizing it.

He added that the Libyan Central Bank's investment revenues in foreign commercial banks in 1992 amounted to nearly LD4 million, and explained that the Central Bank was going to review domestic housing loans, which are about 15,000 dinars [each].

He spoke of Libyans who postponed marriage due to the scarcity of gold in their country, as the result of the UN-imposed sanctions.

He alluded to the drop in his country's gold imports, to between \$17-\$20 million, in the framework of limiting foreign expenditures.

MOROCCO

Opposition Shows Concern for Islamists' Rights

94AF0080B London AL-HAYAH in Arabic
19 Jan 94 p 4

[Article by Muhammad al-Ashhab in Rabat]

[Text] A call from Moroccan opposition parties to end the house arrest of Shaykh Abdessalem Yacine has raised questions about the kind of relationship anticipated between these parties and Islamic groups in Morocco.

With the exception of the traditionally-inclined Istiqlal [Independence] Party, which has previously called for the absorption of these groups, the other opposition parties, especially the Socialist Union and Democratic Action, have viewed with discomfort the growth of the role of the Islamic groups. Their political bases in Moroccan universities, especially in Fes and Casablanca, have clashed with Islamic movements, while the Party of Progress and Socialism (formerly the Communist Party) has not ceased calling for resistance to these groups, which had virtually overwhelmed Morocco's universities, in return for a drop in the influence of the traditional parties. Its leader, Ali Yata, brought up this question in political and official meetings, demanding an end to the exploitation of the universities by extremist Islamic groups. The same is the case with the imams of some mosques, who oppose the existence of a communist party in the country.

While the opposition parties' campaign in defense of Shaykh Yacine is part of the process of bringing up the problem of human rights conditions in the country, and to obtain the political and financial support from these groups in support of opposition aims, it is noteworthy that some political parties have recently raised the issue of working together with the Islamic groups. Their condition is a commitment to a political plan based upon legality. According to opposition politicians, there are dozens of Islamic organizations in Morocco at work raising religious awareness. Some of them bear a political stamp, which imposes a formula for dealing with them, particularly as the Islamic groups have shown their presence in the large demonstrations held during the Gulf crisis and in labor holiday festivities.

The Socialist Union's acting leader, Mohamed Yazghi, said that these groups had voted for the opposition parties in the recent legislative elections in major cities such as Rabat, Sali, and Fes. Lawyers affiliated with opposition activities have defended members belonging to the Justice and Charity Society led by Shaykh Yacine in several trials in 1990. This was not the case in the 1984 trials, when a plan to disturb the country's security, led by extremist groups linked with foreign parties, was uncovered.

In this context it may be mentioned that the Moroccan Government is formulating a plan for confronting the extremist Islamic groups, typified by its ban on mosques engaging in political activity. It has stopped the imams of some mosques who had been engaging in these activities. The Ministry of Islamic Affairs undertook the opening of a dialogue with the Islamic groups committed to admonition and guidance rather than forcing themselves into political controversy. It is noteworthy that the leaders of Islamic movements in several Arab and Islamic movements participated in demonstrations held in Casablanca as part of what was known as the Islamic Awakening Community. It has been decided that Morocco will, in the coming weeks, host a conference of ministers of Islamic affairs from the Arab and Islamic worlds, to discuss the idea of coexistence and reconciliation among Islamic sects.

The Islamic Awakening Community will focus, in a conference to be held this month, on studying this question and other related problems, in cooperation with Islamic groups.

Concerned persons believe that the call of the opposition parties, whose agendas diverge from the direction of the Islamic parties, has to do with putting political pressure on the government, by putting thorny problems before the recently-created Ministry of Human Rights. The least of these would be the studying of the conditions of detainees belonging to Islamic groups, and urging international organizations to show renewed concern for the state of human rights.

Those who follow these developments say that the political goal in raising this issue appears obviously through their presentation in Parliament, where it was possible for the Consultative Council on Human Rights, concerned with the defense of human rights, to study it. Opposition party circles themselves do not hide their discomfort at this trend, which could backfire on the opposition itself, as the affiliates of the Islamic groups mistrust the role of the traditional parties, and go farther than they do in the field of implementing Islamic law. There is nothing indicating the possibility of agreement between the agendas of the two sides, though they both agree in opposing the government.

World Bank Reviews Progress of Reforms

94AF0080A London AL-HAYAH in Arabic
27 Jan 94 p 9

[Article by Muhammad al-Sharqi in Rabat]

[Text] A World Bank delegation is currently on a one-week visit to Morocco, representing its board, and including representatives of Germany, France, Spain, China, Poland, and Chile. The World Bank delegation is conducting talks with several officials of the Moroccan Government. The purpose of the visit is exploratory, according to the members of the delegation. They also met with the board of the Union of Moroccan Banks, the General Federation of Businessmen, and the Governor of the Central Bank. They visited the regions of Morocco in which projects partially or fully funded by the World Bank are located. The World Bank delegation is also waiting to meet with Moroccan Prime Minister Mr. Mohamed Karim Lamrani.

The preliminary statement the delegation issued after its arrival in Morocco this week said that the World Bank and members of its board want a greater familiarity with trends in the Moroccan economy, especially in the areas of liberalization and privatization, project funding, the banking system, investment, and related operation and regulations. The World Bank indicated that it had offered Morocco, over 30 years, over \$6.7 billion in loans and assorted funding. It is now committed to participation in funding 30 development projects, with loans worth a total of \$2.9 billion in the areas of agriculture, irrigation, housing, the environment, education, public works, transport, and others.

The World Bank report for 1993-1994 published in Washington last week indicated that Morocco, Egypt, and Tunisia are the Arab countries that have obtained the highest percentage of the Bank's loans, and the largest rate of foreign investment. The report explained that the economic liberalization pursued by these countries has helped them to obtain increased foreign investments.

For their part, Moroccan sources said that the World Bank's total loans represent nearly a third of Morocco's total foreign debt, which stood at \$20.5 billion at the end of last year, of which 17 percent were commercial loans after the rescheduling arranged with the London Club last year. According to the statement made by World Bank Vice President Koch Fiers [name as transliterated] during his Moroccan visit two weeks ago (he met with King Hassan II in Marrakech), the World Bank is seeking to boost the volume of loans offered annually to Morocco, to approach \$800 million to \$1 billion annually, as against about \$560 million last year. The Bank, however, wants in return to be familiar with the new (profitable) projects that it can fund in whole or in part, saying that the Moroccan economy needs to prove its ability to absorb these loans.

The World Bank mission's presence in Morocco coincides with the continuation of the parliamentary discussion of the \$10 billion 1994 budget plan, which stipulates increased local economic liberalization and a decrease in the budget deficit of 1.5 percent of gross domestic product, and economic growth in excess of 7 percent.

The Moroccan Government wants to use 1994's privatization revenues, estimated at \$400 million, to boost economic performance, develop the employment field, and reduce the tax burden imposed on companies and individuals, besides permitting the local and foreign private sector to invest in strategic sectors that had been the preserve of the public sector, such as energy, transport, irrigation, communications, and public works. It is waiting, in light of the World Bank delegation's visit, to define the volume of loans the Bank will offer Morocco in 1994 and 1995, part of which Morocco wants to allocate to fund youth projects and provide additional job opportunities to help the local economy adapt to the global economy after the signature of the GATT accord in Marrakech in mid-April this year. That occasion will be attended by a number of heads of state from industrialized countries, including President Bill Clinton, according to Moroccan sources preparing the holding of the global GATT conference.

Union Asks Government for Dialogue

94AF0080C London AL-SHARQ AL-AWSAT in Arabic
1 Feb 94 p 2

[Text] The Moroccan Union of Workers has sent an open letter to the head of the government, calling for the opening of an urgent dialogue before the middle of this month, to study union conditions.

Secretary General of the Democratic Confederation of Labor Noubir Lamaoui [name as transliterated], indicated, in a letter of which AL-SHARQ AL-AWSAT obtained a fax copy, the need for a quick start negotiations between the government and the unions to study labor and worker issues, to put an end to the dismissal of workers and the closure of mines and companies, and the return of all workers dismissed for their union activity, increasing wages, and raising the minimum wage.

In his letter, Lamaoui criticized the brief and superficial meetings between the government and the unions, indicating that these meetings had done little to address workers' problems.

He mentioned that in December 1990, the Democratic Confederation of Labor had called for a general strike, which led to the outbreak of disturbances in a number of Moroccan cities.

OMAN

Finance Official Discusses 1994 Budget

94AE0077A London AL-HAYAH in Arabic
26 Jan 94 p 11

[Interview with Hammud Bin-Hilal al-Habasi, undersecretary for economic affairs, by Husayn 'Abd-al-Ghani, in Muscat, date not given: "Finance Official Discusses 1994 Budget"]

[Text] The Sultanate of Oman has confirmed that despite the current drop in both oil prices and oil revenue, the general expenditure in the 1994 budget (2.033 billion rials [RO]) has been reduced by only 5 percent.

Hammud Bin-Hilal al-Habasi, undersecretary for economic affairs in the Ministry of Finance and Economic Affairs [ministry name as published], said that this reduction will lead to neither a recession nor a slowdown of economic growth.

The Omani official told AL-HAYAH that despite the fall of oil prices, the estimated budget deficit in 1994 will be 20 percent less than that of the previous year.

Gulf banking sources stated that Oman asked four banks in the Gulf region, the West, and Japan to provide her with a new loan in the amount of \$300 million. However, al-Habasi argues that the \$2.6 billion of foreign debt that existed at the beginning of the present five-year plan will be the same at the end of the plan period in 1995, resulting in a zero figure of Omani net borrowing from abroad.

The undersecretary in the Omani Ministry of Finance and Economic Affairs indicated that Oman was undertaking procedures such as reviewing and modernizing investment laws as well as establishing a comprehensive legal and institutional framework for commercial, investment, and financial activities that are in accordance with the free economy policy and market mechanism.

Following are details of the interview:

[Abd-al-Ghani] What is the size of the current year's budget reduction compared to both last year's reduction and that estimated and included in the fourth five-year plan?

[Al-Habasi] There is no reduction with regards to the gross general revenue which has been estimated in the 1994 budget at about RO1732.1 million representing a 2-percent increase over the 1993 figure of about RO1698.5 million in the endorsed budget. This increase is mainly due to the estimated increase in the natural gas revenue and in other current revenues.

As for the figure for the general revenue for the current year as it appears in the five-year plan, it has been estimated at RO1.780 billion representing an increase of

about RO48 million over the estimate of the current budget. This slight increase in the general revenue is due to the fact that oil revenue for 1994 had been estimated at RO1.364 billion in the fourth five-year plan. However, due to the drop in oil prices, this revenue had been estimated at RO1.311 billion in the 1994 budget.

Total general expenditure in the 1994 budget has been estimated at RO2.033 billion compared to RO2138.5 million in the 1993 budget with a decrease of about 5 percent. Meanwhile, the estimated figure for total general expenditure in the 1994 budget is more than the RO1.958 billion figure estimated for 1994 in the fourth five-year plan.

It is thus clear that estimates for general expenditure tally with the government directives to reach a balance and narrow the gap between revenue and expenditure.

It is also worth mentioning that decree number 1/94 issued by the Sultan to endorse the budget indicated that it was possible to review some expenditure items in case the net oil revenue dropped below average estimated prices due to the drop in world oil prices because of the current delicate and complicated world economic conditions.

[Abd-al-Ghani] What is the size of reduction in both the current general expenditure and the investment expenditure in the new budget?

[Al-Habasi] The general current expenditure is estimated in this year's budget at about RO1.5859 billion compared to 1.6175 billion in the 1993 budget. As for the investment expenditure, it is estimated in the current budget at about RO431.6 million compared to about RO495.8 million in the 1993 budget.

As I indicated in my previous response, the reduction in the size of the general expenditure came as a result of the drop in world oil prices and the impact of that on revenues and consequently on the size of general expenditure and the current deficit.

It is worth noting that the current budget is geared to serve development and provide the necessary allotments for new projects that are expected to be executed during the current year. Therefore, the reduction decided upon for investment expenditure will not greatly impact the previously endorsed figure of RO448 million for investment expenditure programs for 1994 in the five-year plan. This is because allotments endorsed for the programs seem quite similar to the figures, which have been previously quoted, of the current budget.

Therefore, though oil prices have affected the current budget, it remains balanced, financially sound, and able to preserve the good developmental achievements that were executed in the Sultanate.

[Abd-al-Ghani] What is the anticipated 1994 budget deficit and the "actual deficit" in the budget of 1993, the year when the current drop in oil prices occurred?

[Abd-al-Ghani] The deficit estimated in the 1994 budget amounts to RO300.9 million compared to RO375 million in the 1993 budget and represents a 20-percent reduction. Therefore, particularly in light of the current drop in oil prices in world markets, it seems that this reduction is sound and in harmony with the policies and procedures applied by the government in order to tackle the deficit problem.

The "actual" 1993 budget deficit will be determined later on following the preparation and endorsement of the 1993 final accounts.

[Abd-al-Ghani] Which measures would be used to tackle the deficit in the new budget? Will those measures involve more withdrawal from the state's general reserves, or would there be recourse to domestic and foreign borrowing?

[Al-Habasi] As I have previously mentioned, the current budget deficit is about RO300.9 million. Measures to finance it include resorting to state funds worth RO221 million and to RO48 million as receipts of government development bonds, in addition to acquiring RO31.9 million in the form of net borrowing and aid.

A positive indicator is the fact that the figure for estimates of withdrawals from state bonds has been cut down from about RO292 millions in the 1993 budget to about 221 million in that of the current year.

It is also worth mentioning that the resort to government development bonds and foreign borrowing were financing measures mentioned in the fourth five-year plan. These measures are being used in accordance with the relevant endorsed regulations.

[Abd-al-Ghani] Some people believe that, due to the drop in oil revenues, the government should review its decision not to increase foreign borrowing above the average reached during the current plan of \$2.6 billion. Will the Sultanate accordingly arrange for foreign loans from either friendly countries or world banks as happened following the 1986 oil crisis?

[Al-Habasi] I would like to indicate that the decision you refer to in your question was included in the fourth five-year plan, which stipulated that the size of the general foreign borrowing should remain fixed at the figure it had reached at the end of the third five-year plan: i.e., about RO1 billion.

This means that it is possible to arrange for new foreign borrowing during the plan years. In fact, the planned borrowing during the fourth five-year plan period would be equal to the amount of loans paid back during the same period; the general foreign debt would be thus the same at the end of the plan period as it was at its beginning, i.e., the "net" foreign borrowing would be zero. This scenario is the one currently applied.

[Abd-al-Ghani] Procedures to cut down general expenditure included cutting down recurrent expenses,

freezing or abolishing annual salary raises and professional allowances, and having new regulations for travel tickets, as well as for housing for those coming from abroad to be employed by the state. How much savings would these procedures yield in the budget? Besides, do the benefits accruing from these procedures outweigh the expected risks that they may cause, such as slowing down of economic growth and slump in some economic sectors, particularly those with an active private sector?

[Al-Habasi] First of all, let me correct some inaccurate information that is included in the question. First: Annual raises have not been frozen or abolished; they continue to be paid and the current budget includes the extra funds necessary to pay periodic raises to employees of ministries and all government units. Second: Professional allowances have not been frozen or abolished, they have simply been reduced by 50 percent. As you know, this is not an allowance for all government employees, but is only granted to some of them according to either the nature of their jobs or to special circumstances that were valid during the last few years and no longer exist.

As for the procedures that were mentioned and that have been resorted to in the framework of the comprehensive tackling of the financial conditions, they aim not only at reducing expenditures but primarily at rationalizing spending, cutting down on administrative expenses and providing elasticity in applying the benefits that are given to those coming from abroad to work for the government. I would like to seize this opportunity to affirm the following:

First: There has been no change in basic salaries and periodic raises that were given to government employees as acquired rights.

Second: We have rationalized spending and provided elasticity in applying the benefits granted to those coming from abroad to work for the government. However, those benefits should be well used in such a way that would allow those using them to choose the housing and travel fit for them. It should also be noted that these new procedures will save the government some expenses and lessen its responsibilities and administrative work; they will also enable it to control expenditure and waste.

Third: The reduction in government spending will not create any noticeable recession trends that could impact the economy as a whole and the private sector in particular.

[Abd-al-Ghani] It has become crucial to harmonize—on the one hand—between national laws such as those concerned with work and workers, investment, trials and commercial arbitration and—on the other hand—international codes and conventions. With regards to this issue, is the Sultanate ready to revise some current laws in order to make them more compatible with world codes and directives that are encompassed in the framework of the new world economic order?

[Al-Habasi] In view of severe economic international competition, the Sultanate Government, since the onset of the blessed renaissance of 1970, realized the necessity of adopting the free economy system. It therefore provided the legal and institutional framework for encouraging and facilitating both the private sector activities and domestic and foreign investment. Subsequently, besides issuing commercial, investment, customs, financial, and monetary laws, the Sultanate issued laws dealing with work and workers, immigration and visas, as well as commercial disputes, etc.

In order to give a push to development and progress in the Sultanate, as well as to confront the novelties and changes in the world economy, the concerned authorities are currently working towards reviewing, modernizing, and developing many of the laws and legislation that are currently being applied. This procedure aims at establishing a comprehensive legal and institutional framework for commercial, investment, and financial agencies and activities that would be compatible with the Sultanate's directive of adopting the free economy system, which relies on both the market mechanism and free competition and which has become the main concept of the new world economic order.

REPUBLIC OF YEMEN

AL-Mikhlaifi on Unity, Arab-Israeli Negotiations

94LH0014D Beirut AL-SAFIR in Arabic 5 Jan 94 p 1

[Interview with 'Abd-al-Malil al-Mikhlaifi, secretary general of Unified Nasirite Organization (UNO), by 'Adnan al-Sahili, in Yemen; date not given: "The Conflict Is About Building the State and Not About Unity"]

[Text] Tripoli—Delegations representing various political powers in Yemen participated in the business of the meeting of the Arab Democratic Revolutionary Dialogue in the Libyan capital last month. The most prominent delegation was that of the Unified People's Nasirite Organization, which is headed by the secretary general of the Organization, 'Abd-al-Malik al-Mikhlaifi, whom the general conference of the Organization elected during its convening last month.

AL-SAFIR met with al-Mikhlaifi and interviewed him about organizational issues and about the imminent dangers for Yemen:

[AL-SAFIR] Recently, your organization held its general conference and elected new leadership. In what context did this change take place?

[Al-Mikhlaifi] The Unified People's Nasirite Organization is an organization deeply rooted in Yemen. It is more than 28 years old. The last conference that talked about it was the Eighth National General Conference of the Organization. It was held in Sanaa from the 23-27 of last November. It was a Nasirite, national,

patriotic rally attended by a large number of representatives of parties, Yemeni political organizations, and representatives of Nasirite organizations and parties in the Arab Homeland.

The conference was considered a democratic rally, and a unified rally, because it was held in the atmosphere of the political crisis and, therefore, the Nasirites assured throughout it their adherence to Yemeni unity. It was also considered a democratic rally because it reflected democracy in the Organization through the conference taking place across the domestic elections, which began in the basic units in the villages, and are interconnected at the governorates level. The National General Conference concluded with the elections of the Central Committee of the Organization and the secretariat general through the Central Committee.

In this conference, a central committee of 91 members that combined branches of the Organization in the governorates and abroad was elected. And, for the first time, Nasirite women in the Central Committee participated in it, where four Nasirite women were elected as basic members, in addition to five elected as candidate members. The conference reflected the organizational and popular weight of the Organization and assured the place of the Nasirite organization as one of four main organizations in the country and as a fourth party, in addition to the three parties in the government. It is absolutely the most prominent Yemeni opposition party.

[AL-SAFIR] Is the conference considered a stopping place in the ending of the differences between the Nasirites in Yemen on the course towards unification of their ranks, or are the previous differences still continuing?

[Al-Mikhlaifi] It is certain that what you are referring to in terms of differences was the remainder of the period of repression that the Nasirites faced, i.e., the period of bisection, since the two previous bisected systems with a unionist mentality tried to beat down and fragment the Nasirites and tried to fabricate Nasirite names on the periphery of the Unified People's Nasirite Organization. But, by the testimony of the press in Yemen, including the official press, the conference was a plebiscite to the fact that this organization represents the Nasirites in Yemen, that it was the end to all the naming that the governing parties fabricated with the goal of fragmenting the Nasirite movement and beating it down, and especially that the conference reflected the reality of the Nasirite organization's unity in Yemen.

[AL-SAFIR] Is it possible for your success in Yemen to be reflected by the Nasirite position on the general Arab level?

[Al-Mikhlaifi] It is certain if the Nasirites in the whole Arab homeland arrived at rebuilding their position, as happened in Yemen, with a new spirit and new methods in organizational and political action, it is possible that this conference, which representatives of a number of Nasirite parties attended, would be a beginning of the awakening of Nasirite action in general.

We were aiming in Yemen at presenting a new Nasirite model that is dependent upon wide political action, people's action, and open action and also on the forming of democratic methods in political action that guarantee the solidifying of organizational Nasirite action. We presented this model to all the political powers and to our Nasirite brothers in the rest of the Arab homeland. We believe that the Nasirite participation from the Arab homeland in the conference represents a special state of awakening and that the statement that was issued about the Nasirite organizations participating in the conference entitled "A Call to the Nation" was expressing this state. These various private Nasirite organizations that are now working publicly and legally, along with the other Nasirite organizations that are still working under the shadow of repression, agreed on more ordering of the advancement of Nasirite work and the creation of national Nasirite institutions arranging Nasirite work on the basis of public, democratic, and legal action.

[AL-SAFIR] These days Yemen is witnessing a fierce conflict between its governing parties. So, are the fears about the unity of Yemen and about the democracy in Yemen real fears?

[Al-Mikhlaifi] The conflicts present in Yemen stir up some internal anxiety, but they arouse more fears abroad. Maybe it's that most people don't realize the nature of the political conditions in Yemen.

It is true that the present political crisis is deep, and it is deeper than any crisis that the country has gone through since unity. But, in my estimation, the fears about Yemeni unity don't reach the degree that is presented abroad in view of the fact that the conflict taking place in Yemen concerns the building of the state, and not unity. All the political powers agree on the difference of their orientations no matter what their position in the conflict. However, unity is from the constants, which are not allowed to be violated, just as the political movement in the country is a united movement and there is not a northern party and another southern that can be said to be representing this or that part of the country. But, maybe because the sides of the conflict become stronger with old devices, bisecting devices, it appears sometimes that the conflict has a direct relationship to unity. But, it is my estimation that the conflict revolves around the building of the state. Maybe this is where there is agreement among the various Yemenis on the multiplicity of their intellectual and political memberships, namely that whatever happens can lead to a better way out on the issue of building the single state and on the issue of consolidating democracy. This doesn't create real dangers to unity, but rather the dangers would come if the conflict didn't enter into a far-reaching stage in the dialogue that is prevailing now. Yemenis agree that dialogue and peaceful methods are the tools of management of the conflict. If this dialogue deviates from its course, and is substituted by violence and non-dialogue methods, it is possible that dangers will form, not dangers to Yemeni unity in the old sense, but to all of Yemen.

In my estimation, Yemen, if it doesn't close the dialogue and put an end to this crisis, may enter into a whirlpool of civil war and violence which may not lead to redividing into two parts as before, but will lead to the fragmentation of Yemen more than it was fragmented before unity. Likewise, the various political powers including the National Block for the Opposition that forms the spine of the Unified Nasirite Organization, are exerting great efforts to keep the conflict in the sphere of peaceful and democratic dialogue. If it remains in this framework, as is happening today, the differences circulating in Yemen now could form a positive turning point for the good of building a modern Yemeni state, a state of order and law, as most of the political powers in the country are demanding now. It could also strengthen the journey of democracy, especially through the demands, on which there is partial agreement, for the strengthening of local government and election of directors of the provinces and the chief officers of the governorates and the encouragement of democracy in the country.

[AL-SAFIR] Are there certain general rules for the preservation of the unity of Yemen?

[Al-Mikhlaifi] In my estimation, the unity of the political movement and the presence of political action along all of Yemen forms a measure of the control. Furthermore, the state of popular, national, and political agreement with regard to unity is one of the fundamental invariables, violation of which is not permitted.

Here I point out that some of the papers that were presented concerning the subject of establishing a federalist state in Yemen were confronted by strong rejection from all the political powers whatever movement they belong to, which confirms the adherence of all Yemenis to unity.

[AL-SAFIR] Is there a possibility available to the hostile powers for arousing certain considerations in order to provoke sedition in Yemen?

[Al-Mikhlaifi] It is certain that the powers hostile to Yemeni unity and the adjacent reactionary powers played [a role] throughout the last period and exploited the atmosphere of the crisis for the sake of stirring up ailing struggles. So, they presented issues like the North and the South, the oppression of the Northern minority by the Southern majority, and the Zaidites, Shafiites, and the Bedouin subdivisions. However, in my estimation, there is a popular consciousness that rejects ailing presentations such as this.

There is a conviction of those who raise these slogans, and all the political organizations and all the conferences and the festivals confirm the adherence to Yemeni unity and the rejection of ailing struggles, and especially the Yemeni people, among whom, practically speaking, sectarian conflicts are not found, but rather, political ones. There is an attempt to raise these slogans with the goal of creating a state of division in Yemeni society, but they are judged and rejected and the political and partisan movement and the elite that represents the Yemeni

people are unified on the sectarian and regional level, and sectarian or regional or Bedouin movements are not found existing in independent entities. In my estimation, these designs will continue to provoke and incite ailing struggles and will exploit some of their minor men present in Yemen. However, there is a trust in the existence of a popular consciousness that rejects suggestions like this.

[AL-SAFIR] Do you see that this conflict is related to developments that the Arab region is witnessing, where the creation of a problem for every Arab country is taking place?

[Al-Mikhlaifi] Yemeni unity has been targeted since its establishment, especially from Saudi Arabia and the Gulf States. This targeting was strengthened by the Gulf Crisis and the Yemeni popular position that rejected foreign interference in the crisis and, therefore, what resulted from this situation in terms of the expulsion of one and one-half million Yemenis from the Gulf States and Saudi Arabia, defining what formed the wearing economic crisis in Yemen. It was also reflected in the framework of the political crisis, in addition to the presence of a number of centers of power and influential people and elements linked to the neighboring countries in the region that play a role in starting the crisis and increasing the sharpness of the conflict in Yemen. Thus, what is happening in the region is not far from what is happening in Yemen also, in terms of a crisis having the goal of shattering this unity and making the countries enter into a whirlpool that will no doubt be reflected in the whole peninsula region and the Gulf considering that Yemen is the largest country of the region and the most densely populated, which could make the Arab region in all of the peninsula and the Gulf enter into a whirlpool. There is no doubt that it serves the plans that want to rearrange the situation of the Arab nation for the good of the Zionist project or what is called the Middle Eastern order.

[AL-SAFIR] What is your opinion of the stopping points that the Arab-Israeli negotiations have arrived at and the current peace projects?

[Al-Mikhlaifi] The position of the Unified People's Nasirite Organization does not differ from the position of the Nasirite trend in all the Arab countries. It is the position that has refused the settlement path from the beginning and the position that judged and assessed properly the Gaza-Jericho agreement as an agreement that abandons the Palestinian issue, strengthens the Zionist project, supports the setting up of what is called Greater Israel, and sends out the American call for the establishment of the Middle East order.

Second, at the level of action, the Unified People's Nasirite Organization was the first and the most prominent of the organizations that was moved in the Yemeni arena to express its rejection to the Gaza-Jericho agreement and the settlement path. It mobilized the widest popular support for its position. This position of the

Yemeni people, who expressed their rejection of the agreement, agitated the sides of the settlement and especially the influential leadership in the PLO.

Third, the Eighth National General Conference of the Organization consisted of a national rally for the conviction of the Gaza-Jericho agreement. Was it because of the attendance, which was limited to all those rejecting the agreement, or because of the slogans of the conference and the calls that were sent out in it? Thus, we consider that the settlement paths, whose most prominent last stopping place was the Gaza-Jericho agreement, are targeting the [Arab] nation and its awakening and cultural project. There is no choice before any Arab except the fighting of this project, which aims at the [Arab] nation and its existence, the fighting of all the normalization plans and whatever calls for a Middle Eastern order, the overthrowing of this despicable and humiliating agreement, the strengthening of the Palestinian intifadah by every nationalistic means, and the success of the Arab cultural project.

Bakil Tribe Calls for Change in Army Leadership

94LH0014A London AL-SHARQ AL-AWSAT in Arabic
15 Jan 94 p 4

[Text] Sanaa—Some of the principal political powers in Yemen are in the midst of a fierce and foreboding debate concerning the significance of the awakening of the Bakil tribe and the extent of the connection of this rising to any of the governing political parties. The United Bakil Council concluded the business of its first general conference, which was held in the region of the Anisi tribes, the day before yesterday, amidst opposition to it and its rejection by some of the political and tribal symbols of Anisi, and especially those belonging to the Popular General People's Congress, the leader of which is the Yemeni president 'Ali 'Abdallah Salih.

While these same mentioned that the conference was plagued with failure because of their refusal to receive it in their regions, Shaykh Muhammad 'Ali Abu Luhum confirmed in a telephone call to AL-SHARQ AL-AWSAT that the conference was crowned by success and was attended by about 40,000 people from among the men of the Bakil tribes and various governorates.

He confirmed the error of those who portrayed the Bakil conference as putting forth a call for disunion, when it is exactly the opposite. Likewise, he rejects any process of political or partisan polarization.

He referred to the decisions and recommendations that the conference issued at the end of its business and which the closing statement contained. They concentrated on the handling of the internal issues of the Bakil tribes first, and on the presentation of a group of special and general issues in various spheres, the most important of which is working to display the civilized side of the Bakil tribes, the effective participation in building the Yemeni state, the preservation of unity and democracy, the accomplishments of the revolution, the doing away with any

differences in the Bakil framework, and the striving to end all differences between it and the other tribes.

The Bakil conference confirmed its devotion to unity and democracy as an irrevocable choice, and the working towards sovereignty of the law and the system. It demanded the "sound rebuilding of the security organizations nationally, and the reformation of the armed forces so that they protect the country and its sovereignty and are not a heavy weight on the nation or a protector or friend of the people in power or in the parties."

The Bakil tribes demanded to be made a participant, through their United Council, in any arrangements relating to state-building issues. [They also demanded] the acceptance of the Bakil Council's opinion, the necessity of giving the Bakil people and all the ordinary people an equal opportunity in public service, including the armed forces and security forces, without reservation, in the same manner as others from among the tribes, and the taking of an interest in the rights of all the families of the martyrs.

Likewise, the Bakil Council demanded the necessity of completing the centralization and the granting of full powers to the people of the governorates and districts, which enables them to serve their regions according to the system of local governing. [They also demanded] the rebuilding of the state organizations, and for the end of the double standard, and giving the qualified individuals and cadres the positions that they deserve. They demanded the hastening of the end of the present crisis, which is on the verge of threatening the unity of the country, and the necessity of requiring all the political powers, and especially those within the framework of the governing coalition, to refrain from all the practices that tend to cause disunion inside society.

The statement also demanded that all the parties refrain from political provocation that leads to breach of security and violation of the national constants and hinders the movement of life. Regarding the army and security, it demanded purging both of them of the elements whose failure has been proved and which had a role in frustrating the responsibilities of this institution, and then replacing them with new elements that are capable of undertaking their role free and clear of subordination to people or parties or to the influential people in power.

It demanded working to withdraw the armed forces from inside the cities, doing away with the subordination of the armed forces to the sections of power, and opening the door of service to all ordinary people. Likewise, it demanded the changing of the heads of the armed forces in the various military units who belong to any one of the sections of power, or those who belong to one region, and taking another look at the appointment of these leaders, on the condition that the retirement law be applied, and the process of blind conscription be stopped.

In the economic sphere, the statement pointed to the need to require the government to maintain public funds and to paralyze the hands tinkering with them, to observe the activity of the revenue-related institutions and the central bank, to not monopolize the public funds in the hands of an individual or party who uses them to buy protections and party and political loyalties, and [the need] to prevent the administering of the public funds for anything except what is in agreement with the regulations and laws, in the framework of what the public budget of the state establishes.

It demanded the hastening of putting plans and reform and growth programs into place, the limiting of luxury government spending, the checking of the process of issuing money, the abolishing of what is called invisible clauses and the application of the principle of financial protection, and the putting into operation of the principle of "Where did you get this?"

Likewise, it demanded the limitation of the number of workers in the state institutions, including the army and the security forces, the opening of the door of compulsory retirement for the people in high positions of responsibility, the hastening to finish the establishment of the free economic and trade zone in the capital, Aden, and the directing of oil revenues towards what produces a push to the production process and the building of an agricultural renaissance. The statement touched on the demand for various services and the treatment of problems of revenge, and the new manifestations of crime and drugs and the like.

The statement concluded with the Bakil Council's assurance that these demands express the concerns and aspirations of all the ordinary people, and not just the Bakil people. However, the Council takes the presentation of these demands upon itself within the scope of its comprehensive national directives.

INDIA

South Asia Policy Ostensibly Unchanged Under Clinton

94AS0190B Madras *THE HINDU* in English
30 Dec 93 p 9

[Article by K.K. Katyal]

[Text] New Delhi, Dec. 29—Contrary to the belief here, the U.S. Administration maintains that its policy on South Asia remained consistent in 1993 despite the change in presidency.

According to an official year-end review of the U.S. relations with the Indian sub-continent (details of which are available here), most of the themes sounded by the Clinton Administration on "South Asia—nuclear non-proliferation, democracy-building, human rights, free trade and economic reform—echo the policies set in place by his predecessor, George Bush." That is because, it says, these broad goals best define American interests in the post-cold war world and are particularly relevant to South Asia.

Indo-Pak. tensions: The historic tensions between the region's two strongest countries, India and Pakistan, the review notes, have become far more troubling in recent years, now that both are widely considered to possess a nuclear weapons capability. Added to the volatile mix is the ongoing instability in Afghanistan, where security risks have prevented the United States from re-opening its embassy. The breakup of the former Soviet Union evoked a wholesale re-evaluation in Washington of U.S. relations with the former eastern bloc, but its effect on U.S. South Asia policy has been subtle. In the Presidency of Mr. Bill Clinton, the changes, it is pointed out, have come in the degree of emphasis placed on particular issues.

It cites the views expressed by the U.S. Assistant Secretary of State, Ms. Robin Raphel, and other officials from time to time that the State of Jammu and Kashmir is a "disputed" territory. Questioning the suggestions in sections of South Asian media, "for largely parochial reasons" that the Clinton Administration had modified the South Asia policy, it quotes the following remarks of the State Department spokesman in November: "As we have noted consistently since 1947, the United States believes the entire geographic area of the former princely State of Jammu and Kashmir is disputed territory. The United States believes the best way to resolve the dispute over Kashmir is through direct discussions between the Governments of India and Pakistan as envisioned in the (1972) Shimla agreement, taking into account the wishes of the Kashmiri people."

Delhi sees new elements: As seen in New Delhi, the Clinton Administration introduced new elements in its South Asia policy, with recurring references to the "wishes of the Kashmiri people" and its willingness to help resolve (in other words, "mediate") the problem if desired by the two sides.

The debate over the possible scrapping of the Pressler Amendment is summed up thus: "Another U.S. policy that is likely to provoke regional opposition but remain unchanged is the suspension of U.S. aid to Pakistan. The 1985 Pressler Amendment to U.S. law requires that aid to Pakistan be withheld unless the U.S. President can certify that Islamabad does not possess nuclear weapons capability. The Bush administration revoked Pakistan's certification in 1990, and the aid cutoff has remained in effect ever since. Although the Clinton White House indicated in 1993 an interest in removing 'country-specific' language from the foreign aid law to allow presidential discretion in such decisions, the principle that underlines the Pressler Amendment continues to be upheld. As a result, the aid cutoff can be expected to continue until Pakistan's nuclear programme ceases to be of international concern."

Priority for non-proliferation: Citing Mr. Clinton's address to the U.N. General Assembly that he had "made non-proliferation one of our nation's highest priorities," the review describes how that official message was brought home during an October State Department briefing, with the statement that the United States was "particularly concerned" about the proliferation of weapons of mass destruction in regions such as South Asia. "We have ongoing, senior-level discussions on this issue with the Governments of Pakistan and India and we will continue to urge both Governments to undertake direct, high-level discussions on this and other issues dividing them, including Kashmir."

Among the "good news" were the decision by India and Pakistan to resume official talks and the elections in the two countries, according to the official document.

The Pakistani elections, according to the review, were widely hailed as having been the freest and fairest in its history with some observers suggesting that the process may have given birth to a genuine two-party system.

The significance of the Assembly elections in India was spelt out thus: "Hindu-Muslim tensions heated up with the December 1992 destruction by Hindu nationalists of the historic mosque of Ayodhya, and riots which left hundreds dead. Tensions were further heightened by a bomb attack in downtown Bombay and the siege by Indian security forces of the sacred Hazratbal mosque in Kashmir, where Muslim militants had barricaded themselves. Those and other events led many to predict that Indian politics would become increasingly fractious and polarised by religious extremism. Instead, voters in India's recent elections largely rejected the BJP [Bharatiya Janata Party] Hindu nationalist party. The election results were widely interpreted as a reaffirmation of India's status as a modern, secular State."

"In a positive move that was lauded by the United States and international organisations, the Indian Government agreed this year to allow human rights observers to enter Kashmir and investigate reports of abuses committed by New Delhi's security forces," the review said.

U.S. Envoy Told of Concern Over Clinton Letter

94AS0191E Madras THE HINDU in English 25 Jan 94 p 1

[Article by K.K. Katyal]

[Text] New Delhi, Jan. 24—India today formally conveyed to Washington its strong feelings and concern over the U.S. President, Mr. Bill Clinton's references to Punjab in a letter to a Democratic Congressman.

The Foreign Secretary, Mr. J.N. Dixit, told the acting head of the U.S. Embassy, Mr. Kenneth Brill, that India could not but take a serious view of the contents of the letter, which were unacceptable and were seen as having a negative impact on bilateral relationship. Some of the points made by the Foreign Secretary were contained in the official reaction, given through the Foreign Office spokesman yesterday.

Mr. Brill, it is learnt, wanted India not to take seriously either the fact of despatch of the letter or its contents. This, according to him, was part of the job of the public communications division of the White House, which replied to letters in the President's name, received from the public.

India, it was clear, read a deeper meaning into the letter episode.

Downplaying issue

C. Raja Mohan reports from Washington:

The reference to "Sikh rights" in the controversial letter written by Mr. Clinton does not imply that Washington is seeking special treatment for Sikhs in India, according to sources in the State Department. In an attempt to down play the significance of the letter, administration sources are suggesting that too much should not be read into it. They argue that the term "Sikh rights" must be understood as a broad reference to minority rights enshrined in the Indian Constitution. They point out that both the Indian and American Constitutions guarantee in a generic way the rights of all minorities. The sources assert that the United States does not support the creation of Khalistan. However, they are not ready to provide a satisfactory answer to the question why the term "minority rights" was not used in Mr. Clinton's letter expressing his desire for a "peaceful solution" in Punjab "that protests Sikh rights."

The reference to the Indian Constitution and the rights granted by it appears to be a new formulation to take the sting off the American intervention in India's internal affairs. In its earlier clarification on Mr. Clinton's letter to the leading campaigner here for the secession of Kashmir, Dr. Ghulam Nabi Fai, the State Department suggested that the administration was only calling on the Indian Government to respect the human rights guaranteed by the Indian Constitution.

The State Department sources suggest that the President is obliged to respond to the concerns expressed on human rights issues by Congressmen and the letter should be seen

in that context. They note that Mr. Clinton had referred in his letter to the improvement of the ground reality in Punjab. They also suggest that the U.S. Government has repeatedly expressed its concerns on violations of human rights in Punjab to the Indian Government.

Unease Over Hiring Lobbyists in United States

94AS0191B Madras THE HINDU in English 24 Jan 94 p 9

[Text] New Delhi, Jan. 23—While the "pro-lobbyists" have had their way, there is a sense of dissatisfaction at the highest levels in the Foreign Office over the decision to appoint a firm of lobbyists and image-builders in Washington to complement the role of the Indian Embassy in the United States.

Lobbying is an accepted way of life in America's democracy, and the institution is nearly as old as the signing of the Declaration of Independence 200 years old. Lobbying firms have proliferated in Washington over the years. For a price these seek to influence policy-makers, legislators and the media in favour of their clients. In the case of the Indian Embassy, the price is half a million dollars a year.

This could well represent a sum equal to or greater than the total salary bill of the embassy officials and staff, but that is not the reason for the sense of unease here.

The real reasons are possibly two: doubts about what lobbyists can actually achieve, especially when their goals are not clearly defined and may possibly even be difficult to lay down, and an appropriately perceived loss of prestige for the doubtlessly competitive Indian Foreign Service whose officers do not make less effective diplomats than the equivalent service of any other country, no matter how powerful or well-versed in the politics among nations.

India slipping in its own eyes?: It is perhaps for these very reasons that the idea of hiring lobbyists had been shot down before by the Government, and constitutes a controversial decision today. The idea did not take off even in the Eighties when Pakistan was playing havoc with the Indian image on both Punjab and Kashmir in the United States through its own hired lobbying firm. Ironically, the "pro-lobbyists" have won when only half that problem remains in the sense that the Punjab militancy is seen as being no longer a day-to-day nightmare. It needs to be noted that big, strong or influential nations do not have a record of hiring lobbyists in Washington. In that sense, going for one now may reflect India slipping in its own eyes.

Some of the P-4, i.e., the former USSR or now Russia, Britain, France and China (excluding for this discussion the United States among the Permanent Members of the Security Council, as lobbying is resorted to for a favourable impact inside America) are known to have used the services of lobbyists for specific, single assignments but never on a sustained basis with an omnibus brief, as

appears to be the case with the hiring of the firm of Mcauliffe, Kelly and Rafacilli by India.

Indeed, lobbying can achieve little if it is not in tandem with the broad perceptions of U.S. policy. It would no doubt be accepted even by the lobbyists for Pakistan, for instance, that they could not get their client off the hook on Pressler, even though Pakistan has had the ear of the U.S. establishment for four decades as a close associate in the ideological conflict against the former Soviet Union and was a certified "frontline State" while the war in Afghanistan lasted.

It is difficult to imagine, for instance, that even the most impressive lobbying effort could sell the case for Iraq, Libya, Cuba or North Korea in Washington, or, for that matter, Moscow, in its earlier incarnation.

In India's own case, shortly after independence when New Delhi was yet to be regarded as a "Soviet ally" by Washington, nothing that the powerful world personality of Nehru projected could persuade the United States to back the development of the public sector in this country, though both nations saw each other as civilised democracies. It is doubtful if lobbyists would have succeeded where Nehru had failed.

It would not be unfair to the American lobbyists to suggest that their most notable successes lie on the domestic agenda. Lobby firms make it a practice of donating funds to election campaigns of politicians, and this is a key strength in their dealings on Capital Hill.

Lobbyists (against India) also do well when constituencies of politicians include Khalistanis, PoK [Pakistan Occupied Kashmir] expatriates, or Pakistanis in useful numbers. But in the final analysis they work out best for an overseas client when American policy goals converge with the brief a lobbyist is handed.

It is not clear what brief India expects its lobbyist in Washington to handle. Is it the economy and the flow of private foreign capital and business?

Boot on other leg: The boot is on the other leg, really. Were the Americans themselves not lobbying India hard at the highest level for decades for a change in its economic structure so that U.S. business interest could be attracted? And when this did begin to happen, did American business not show a keen interest? That was well before a lobbyist was retained.

Can India realistically look to a lobbyist to get it past the U.S. establishment on NPT [Nonproliferation Treaty], or the Kashmir question, or human rights, especially when these are centre-stage for policy-framers in Washington? Unfortunately, these cannot be achieved through hired retainers, but through national will, and skilful and augmented diplomacy. China presents a striking example of this.

Recent visitors from the United States have suggested that the American executive and the legislature are crowded with men and women who have spent time in

this country as Peace Corps volunteers, and a large number of them still see India through friendly eyes. Has the embassy in Washington, for a start, even sought to tap a natural reservoir of goodwill such as this, before rushing into lobbies of the image-building industry?

Washington Correspondent on Problems With U.S.

Hostility in White House?

94AS0195A Madras THE HINDU in English 24 Jan 94 p 9

[Article by C. Raja Mohan: "Clinton Set-up Bent on Attacking India?"]

[Text] Washington, Jan. 23—The Clinton Administration appears determined to go out of the way to hit out at India on human rights issues. It is no longer possible to attribute the statements emanating from the White House on the situation in India to mere callousness and insensitivity. Only unremitting hostility, spurred by interested quarters, among the White House aides can explain the fact that the President, Mr. Bill Clinton, had signed two letters on the same day, December 27, that make provocative statements on two of the most sensitive issues relating to India's security.

Yesterday, Mr. Gurmit Singh Aulak, the self-proclaimed president of the Council of Khalistan based in Washington released a letter written by Mr. Clinton to the Congressman, Mr. Gary A. Condit. The letter said: "I am aware of the chronic tensions between the Indian Government and the Sikh militants, and share your desire for a peaceful solution that protects Sikh rights."

Referring to the recent improvement in the ground situation in Punjab, the President talked of continuing police abuses in the State. He declared, "It is clear that abuses still occur, however, and we regularly raise our concerns about them with senior officials in the Punjab Government and the Indian Government." Stating that "human rights is an important issue in U.S.-India relations," the President assured Mr. Condit that Washington would "continue to make our concerns known to the New Delhi authorities."

Reevaluation of ties needed: Two weeks ago, Mr. Clinton's letter to Dr. Ghulam Nabi Fai, an activist for the Kashmiri militants here, declaring his desire to "bring peace to Kashmir," had been publicised. It was possible to make light of that letter, seeing it as something that just slipped through the normally tight system in the White House that regulates presidential utterances on foreign policy issues. The fact that Mr. Clinton has now signed a nastier letter on Punjab to a Congressman must necessarily force reevaluation in New Delhi of the State of political relations between India and the United States.

It is no longer possible for New Delhi to downplay the significance of the Clinton letters. Until now, it could be argued that the Khalistan cause is being taken up only by a few Sikh militants, their lobbyists and Congressmen who are funded by them. The reference to Punjab now

comes from the President himself, the highest authority of the executive branch of the U.S. Government.

It is necessary to recall that under the previous administration, despite a far graver situation in Punjab, the Sikh militants here could not get the President, Mr. George Bush, to endorse their cause. Now Mr. Clinton has done it when normality has returned to Punjab. That there is not a single reference to terrorism in either of Mr. Clinton's letters suggests that this administration does not even care to pretend there is some balance when it refers to the internal situation in India.

New Delhi has until now shown great restraint in reacting to the provocations from Washington. Such restraint and the attempts to sincerely engage American concerns on human rights have obviously no value.

India Seen as Market

94AS0195B Madras THE HINDU in English 26 Jan 94 p 9

[Article by C. Raja Mohan: "U.S. Sees India as a Big Emerging Market"]

[Text] Washington, Jan. 25—The Clinton Administration continues to send mixed signals to India. Even as the White House puts out letters signed by the U.S. President, Mr. Bill Clinton, with remarks on Kashmir, Punjab and human rights that are needlessly offensive to India, senior economic policy makers in the administration are pointing out the emerging economic opportunities in India and the absence of a political initiative in Washington to consolidate these opportunities.

The U.S. Under Secretary of Commerce for International Trade, Mr. Jeffrey E. Garten has said that as the economic reform gathers momentum, India may be "in a position to provide significant commercial opportunities for U.S. firms throughout the 1990s."

Addressing the American Foreign Policy Association in New York late last week, Mr. Garten expressed the hope of the Clinton Administration to "develop a more regular, higher profile commercial policy dialogue with India in the future."

Larger strategic framework: Mr. Garten's reference to India was part of a larger strategic framework being developed by the U.S. Commerce Department to engage the "big emerging markets" (BEMs), such as China, Indonesia, South Korea, India, Turkey, South Africa, Poland, Argentina, Brazil and Mexico. Although Japan and Western Europe are likely to remain the biggest markets for the United States, Mr. Garten suggests that the "big emerging markets," hold—far more promise for large incremental gains in exports." He estimates that nearly three-fourths of the growth in world trade in the next two decades is likely to take place in the developing world—much of it occurring in the big emerging markets. The BEMs are likely to double their share in world GDP in that time, to 20 percent from today's 10 percent. By the year 2010, according to Mr. Garten, the share of

the BEMs in world imports is likely to exceed that of Japan and the European Union combined.

Talking of the new commercial opportunities in India, Mr. Garten has urged the reinvigoration of "dormant U.S.-Indian Government-to-Government economic and commercial forums, and encourage the involvement of business groups." In a reference to the Indian expatriate community in the United States, Mr. Garten believes that the U.S. business community and the Government should find ways of working with them, "whose familiarity and ties with India would be invaluable." The expanded Indo-U.S. commercial dialogue, according to Mr. Garten, should cover not only issues such as intellectual property rights, workers rights, and market access, but also procedures for export financing and export licensing.

The U.S. Commerce Department, which is laying the ground for a comprehensive commercial initiative towards the BEMs, believes that the advanced industrial nations may have to compete fiercely for a share of these markets. Mr. Garten notes that since the Indian economic reforms began, top European leaders have visited India to pursue enhanced commercial ties. He also records that the Prime Minister, Mr. P.V. Narasimha Rao, has travelled to Germany, Japan, France, and South Korea with a "commercial agenda in hand." Mr. Garten notes that "America has been conspicuously absent from this flow." He insists "this must change."

The incipient American strategy towards the BEMs understands the need for "deft balancing" of commercial and foreign policy considerations. The close coexistence of commercial opportunities with the problems of "human rights, worker rights, nuclear non-proliferation, and violations of intellectual property rights," poses difficult policy dilemmas. Mr. Garten recognises the independent political aspirations of these countries, who "often effectively challenge U.S. policies in multi-lateral organisations, such as the IMF, GATT and the United Nations."

Voices beginning to be heard: The inability of the South Asia Bureau in the U.S. State Department to find that appropriate balance between different American interests in India that has brought the high expectations just a year ago on Indo-U.S. relations crashing down. It has been stuck with the tiresome agenda of human rights, preventive diplomacy on Kashmir, and non-proliferation, without any reference to the larger economic opportunities for the United States, that are emerging not only in India, but also in other parts of the Sub-Continent. The letter-writing from the White House has not helped either. But other voices in the Clinton administration, most notably the Commerce Department, are at least beginning to be heard.

It may be recalled that the announcement of the Prime Minister's visit to the United States early this year came from Ms. Joan Spero, U.S. Under Secretary of State for Economic and Agricultural Affairs. Ms. Spero was putting Mr. Rao's visit in the context of the new emphasis in Washington on economic diplomacy. It may yet be

possible that the U.S. policy towards India could get a better balance, as the Clinton administration sorts out the current chaos in its foreign policymaking.

PTI reports from Delhi:

Additional access to Indian garments: The United States has agreed to accord additional access of about 40 million square metres over and above the notional level of about 500 million square metres for Indian garments in the current calendar year under the new Indo-U.S. textile agreement.

Both the countries signed an agreement on Saturday last in Washington, after three days of intense negotiations, an official release said today.

For other cotton made-ups, including hand-loom made-ups, an enhanced 115 percent had been provided, which is of the order of 13 million square metres.

For pajamas and nightwears, gent's jackets, which were under unilateral specific limit have now been shifted to Group I with bilaterally agreed specific limit. Similarly, items under category 338/339 (cotton T-shirts), category 315 (twills), category 326 (satins) which were hitherto covered by Group II limit have also been shifted to Group I with specific limit. In the case of category 351/651 and category 334/634, improvement of 15 percent had been provided and in the case of 338/639, an uplift of 50 percent have been provided.

Human Rights Issue

94AS0195C Madras THE HINDU in English 26 Jan 94 p 1

[Article by C. Raja Mohan: "U.S. Harps on Human Rights Violation"]

[Text] Washington, Jan. 25—The Indian Ambassador to the United States, Mr. Siddharth Shankar Ray, has conveyed to the Clinton Administration, New Delhi's concern over the series of negative pronouncements on Kashmir, Punjab and human rights that have emanated from the highest political level in Washington. The Ambassador yesterday told the Assistant Secretary of State for South Asian Affairs, Ms. Robin Raphel, of the larger negative impact of these statements on the bilateral relations.

India had instructed Mr. Ray to convey its unhappiness with the turn of events in Washington, in particular the recent letters of the U.S. President, Mr. Bill Clinton, to supporters of secessionist movement in Kashmir and Punjab.

U.S. deeply troubled: In a separate development, the Clinton Administration has informed the U.S. Congress that it is pressing India "to strengthen the recently formed Human Rights Commission, prosecute human rights violators, and allow access to Kashmir by human rights monitoring groups, particularly the International Committee of the Red Cross." Responding to concerns expressed in the U.S. Congress about human rights violations in Kashmir, the U.S. State Department has

said that it is "deeply troubled" by the reports of human rights abuses in Kashmir, "both by Indian security forces and by militant groups."

In a letter to Mr. Tom Lantos, the chairman of the Congressional Human Rights Caucus, the Assistant Secretary of State for Legislative Affairs, Ms. Wendy R. Sherman, said the Clinton Administration had regularly raised human rights concerns with the Indian officials "as part of an intensified dialogue on human rights, urging them to bring an end to such abuses." The letter sent in late December was made available today to correspondents here.

Patronising tone: The formulations in the letter reflect attempts in the recent weeks by the State Department to make the administration's articulation of Kashmir policy less offensive. But it is well short of amounting to a fair position on the Kashmir issue. The positive reference to Indian democratic tradition is marred by the patronising tone of the letter: "India is a democratic State with the capacity to reform itself, and we will continue to encourage this process at every opportunity."

For once, the administration acknowledges, in the letter to Mr. Lantos, the linkage between the insurgency and the human rights situation in Kashmir and it notes that Washington has "urged all parties involved to resolve their differences peacefully and abstain from violence." But by equating the responsibility of the Indian State to restore law and order and protect innocent citizens from the ravages of militancy in Kashmir with the terrorist violence sponsored by Pakistan, the formulation slips into the by now familiar diplomatic sleight of hand.

Standard formulation: The letter from the State Department also reiterates the now standard American formulation on resolving the Kashmir problem: "We believe the resolution of the Kashmir problem can be best achieved through negotiations between India and Pakistan, taking into account the wishes of the people of Kashmir." The State Department has clarified in the recent past that the reference to the wishes of the people of Kashmir, does not imply a support to the notion of the self-determination, it is only a recognition of the practical necessity of making any Indo-Pakistan agreement on Kashmir acceptable to the people of Kashmir.

The administration also indicated that it does not favour the plebiscite or any other particular procedure for ascertaining the wishes of the Kashmiri people. It suggested that the procedure could be decided within the framework of Indo-Pakistan negotiations. These verbal gymnastics, however, do not obfuscate the fact that the Clinton administration has gone far beyond the fair position outlined by the Bush administration in 1990 favouring the Simla agreement as the means of resolving the Indo-Pakistan dispute over Kashmir. Nor does it hide the ill-advised posture of activism and intervention in Kashmir adopted by the Clinton administration.

Washington is also yet to recognise that its activism has complicated the Indian efforts to initiate a political process in Jammu and Kashmir. The American rhetoric on human rights and Kashmir along with signals of White House support for secessionist groups has generated strong illusions among the militants in Kashmir and the political establishment in Pakistan that Washington will be able to deliver through international diplomatic action, what they have not been able to achieve on the battlefield.

Kashmiri Pandits' plea: The lack of balance in the Clinton Administration's position on Kashmir was the main theme that a delegation of Kashmiri Pandits based in the United States sought to present Ms. Robin Raphel, who saw them yesterday. The group from the Indo-American Kashmir Forum [IAKF] drew the attention of the State Department to the plight of their community, and called on the United States to take a more even-handed approach to the Kashmir problem. They also told Ms. Raphel that "any tilt or even the perception of a tilt towards one party or the other will effectively erode the role the United States can play and should play in resolving the Kashmir problem."

The group of Kashmiri Pandits, who support the creation of a Union territory within the Kashmir valley for their community, have called on the United States "to publicly identify Kashmiri Pandits as a party to the dispute and settlement in Kashmir." In a press conference yesterday, the IAKF said Ms. Raphel assured them that the U.S. is fully aware of the complexity of the Kashmir issue, and has no intention of being one-sided in its approach. The IAKF is also intensifying the efforts of the Kashmiri Pandits in the United States to present their case to the Congressmen and familiarise them with the dimensions of the Kashmir problem that have been barely noticed, let alone understood in the United States.

To the extent that the complexity of the Kashmir problem can be brought before the American public such lobbying effort may have some value. But it will be tragic if different sections of the people of Jammu and Kashmir begin to believe in the illusion that the road to peace in Kashmir runs through Washington. Neither the letter writing by Mr. Clinton, nor the human rights cacophony from the U.S. Congress can bring peace to Kashmir. It has not so far in Bosnia. Only a democratic political process within the framework of the Indian Union can restore peace and tranquillity to the State of Jammu and Kashmir.

Congressmen's assurance

UNI, PTI report:

Meanwhile, the Republican Party Congressmen—Mr. Jim Ramstad and Mr. Rodney Grams—have agreed to take up the Pandits' case and promised to help arrange a special Congressional hearing to highlight their plight.

Papers Report, Comment on Talks With Pakistan

Pakistani Suggestions

94AS0194A Madras *THE HINDU* in English 20 Jan 94 p 1

[Article by K.K. Katyal: "Pakistan Terms for Talks Rejected"; quotation marks as published]

[Text] New Delhi, Jan. 19—India today rejected—in forceful, categorical terms—Pakistan's suggestion for the future bilateral talks focussing on "modalities for the holding of plebiscite in Jammu and Kashmir [J & K]." Pakistan's plea contained in a non-paper given to the Indian High Commissioner in Islamabad yesterday, was seen as a restatement of the pre-conditions for continuing the dialogue, raised at the foreign secretary-level talks earlier this month.

India, however, reiterated its readiness to discuss with Pakistan all issues pertaining to bilateral relations in accordance with the commitments and mutual obligations of the two countries under the Shimla Agreement.

In a statement, the Foreign Office spokesman here dealt with the plebiscite issue thus: "India categorically states once again that Jammu and Kashmir is an integral part of India. The question or the need for conducting any plebiscite in any part of India including in the State of Jammu and Kashmir simply does not arise. The people of the State of Jammu and Kashmir have exercised their democratic rights repeatedly as people in other parts of India, unlike the case in Pakistan Occupied Kashmir and what Pakistan has labelled as 'Northern Areas'.

Apart from plebiscite modalities, Pakistan, in another non-paper, dealt with "measures required to create a propitious climate for peaceful solution of the Jammu and Kashmir dispute and other issues." The Indian statement regretted that Pakistan was attempting "through their propaganda exercise to obfuscate the realities of the situation in Jammu and Kashmir.

India drew attention to three points. One, the violence in Jammu and Kashmir was being perpetrated with the connivance and active support of Pakistan. Two, the government had the will and commitment to counter terrorism, while continuing efforts to enable the people of Jammu and Kashmir to exercise their democratic rights. Three, the level of security forces deployed in the State corresponded to the level of violence created by the militants; cross-border terrorism was a major concern of the government and a hurdle in India-Pakistan relations.

Pak. support to militants: Dealing with Pakistan's involvement in terrorist violence, the statement said: "There is a climate of violence in which the people of Jammu and Kashmir have had to live through in the recent period. This violence is being generated by militants and foreign mercenaries who have been trained and equipped on Pakistani soil and who have infiltrated into India with the connivance and active support of Pakistan, with the sole objective of eroding the territorial integrity and political stability of

India. We have repeatedly called upon Pakistan to desist from sponsoring trans-border terrorism which contravenes the very basic norms of inter-State conduct and good-neighbourly relations."

The resolve to counter the designs of militants was reiterated in the following words: "While the Government's endeavour continues to be to provide full opportunities for the people of Jammu and Kashmir to exercise their democratic rights and no efforts which could lead to this process is out of consideration, we will not spare any effort to oppose any moves directed against the country's unity and territorial integrity. Pakistan should not have any doubt whatsoever on this score."

Setback in talks: The process, set in motion by the talks by the two foreign secretaries, Mr. J.N. Dixit, and Mr. Shahryar Khan, suffered a setback, as a result of Pakistan's stand, as conveyed through the non-papers. The copies of the two documents were given to Mr. Dixit by the Pakistan High Commissioner here, Mr. Riaz Khokhar, yesterday. The first reaction of Mr. Dixit was reflected by a query regarding Pakistan's intentions. The contents of the Pakistani non-papers served to harden India's stand. This was evident, apart from the tone of today's statement, by the absence of any reference to the six proposals, intended to be submitted by India to give a positive twist to bilateral ties.

According to Pakistani sources, the door for negotiations had not been closed and that Islamabad continued to be interested in a dialogue and wanted the environments to be improved for this purpose. Pakistan, perhaps, would like the Kashmiri leaders like Mr. Abdul Ghani Lone and Syed Ali Shah Gilani to be released to create proper atmosphere.

At the Islamabad meeting, the initiative was with India, as Mr. Dixit promised to submit proposals on six subjects including nuclear non-proliferation, other confidence-building measures [CBM], stabilisation of the Line of Control [LoC] in Jammu and Kashmir. The rationale was clear—that the two sides try to foster confidence and mutual trust, as they engage themselves in substantive discussions on Jammu and Kashmir. Because of the sensitive nature of these subjects, there was no escape from intensive internal discussions by the External Affairs Ministry and other concerned ministries. This exercise took time, but the package was getting a final shape. On nuclear nonproliferation, for instance, India intended proposing expansion of the existing treaty on non-attack on nuclear facilities, with a provision, among other things, for observers to watch the functioning of nuclear reactors in the two countries. The two non-papers, perhaps, represented Pakistan's bid to wrest the initiative from India.

It would be a pity if the advance, represented by the newly-resumed dialogue, was allowed to peter out. It was worth preserving and building upon. Despite harsh words, the two sides had not given up the path of negotiations.

Proposals to Pakistan

94AS0194B Madras THE HINDU in English 25 Jan 94 p 1

[Article by K.K. Katyal: "Six Proposals Submitted to Pakistan"; quotation marks as published]

[Text] New Delhi, Jan. 24—Keeping up its initiative, India today conveyed to Pakistan the promised proposals on six sensitive subjects, including Siachen, stabilisation of the Line of Control in Jammu and Kashmir, and confidence-building measures in the nuclear field, as part of a normal, practical approach intended to be adopted in the bilateral field.

The Foreign Secretary, Mr. J.N. Dixit, handed over six non-papers containing the proposals to the Pakistan High Commissioner, Mr. Riaz Khokhar, this evening. India, Mr. Dixit told the High Commissioner, had structured these proposals after serious deliberations and the initiative was neither empty propaganda nor an attempt to lay pre-conditions for continuing the dialogue.

The other subjects covered by the non-papers are: Sir Creek and delimitation of the maritime boundary, Tulbul navigation project and activation of the committees, set up within the framework of the Joint Commission, in July 1989 at Islamabad. India was represented at the Joint Commission meeting, which followed the then Prime Minister, Rajiv Gandhi's visit to Pakistan, by Mr. P.V. Narasimha Rao, the then External Affairs Minister.

The nuclear continental ballistic missile, contained in today's proposals, envisage extension of the existing agreement on non-attack at each other's nuclear facilities to cover non-attack on population centres and economic targets and to provide for non-first use of nuclear capabilities.

This was a small step in the bilateral context but there was nothing to preclude its extension to cover other countries which might choose to adhere to these provisions.

To ensure effective communication especially at times of crises, India suggested conversion of the present hotline between the Directors-General of Military Operations into a secure and dedicated link, coupled with fax facilities.

Siachen: As regards Siachen, India re-conveyed its willingness to accept the agreement reached in 1992 (which could not be implemented because of technical wrangles). Under it, both sides were to disengage from authenticated positions held presently, and leave the delimitation of the Line of Control beyond NJ 9842 to a joint commission. The immediate objective was to ensure peace and tranquillity in the area without prejudice to each other's positions.

'A positive signal': Today's formulation on Siachen was, perhaps, not different from the one agreed upon by the Defence Secretaries of the two countries towards the end of 1992. India's acceptance of that agreement now was seen as a positive signal which was not possible then because of the domestic political situation. Pakistan did

not want the "Actual Ground Positions Line" (AGPL) to be mentioned in any document lest India should use it in support of its claim to hold the territory acquired "through aggression." It should be possible to get over this objection, so goes the Indian argument, by inserting the words "without prejudice to each other's positions."

India occupied all the commanding heights along what, according to it, should be the Line of Control—along the Saltoro ridge, following the internationally-accepted watershed principle for delineating boundaries. The area was relatively quiet, with the cases of firing on the decline. India would like Pakistan to appreciate the significance of New Delhi's gesture—made at a time when it had a decisive advantage.

LoC in J & K: Perhaps, the most comprehensive was the non-paper on maintaining peace and tranquillity along the Line of Control in Jammu and Kashmir. It was virtually a full-fledged draft agreement, with its ten clauses dealing with all aspects—violation of the line, trans-border infiltration and the like. It followed the format of the Sino-Indian arrangement for a tension-free border but was firmer and clearer. That was because, contrary to the Sino-Indian border, the two sides do not differ on how the Line of Control runs in Jammu and Kashmir. This proposal also envisaged an institutional mechanism to monitor and suitably deal with cases of violation of the agreed steps. That mechanism could also be used to ensure compliance with the provisions of the existing agreements, like the one on the prior notice of the movement of troops in the border areas (which, in actual practices, had not been fully adhered to).

The Sir Creek imbroglio was sought to be resolved by separating its two components—the border on the ground, which could be resolved later, and maritime boundary, for which a detailed delineation formula had been spelt out.

No reference to forces: There was no reference to re-deployment or reduction of forces along the LoC in Jammu and Kashmir, as demanded by Pakistan. According to the oft-explained Indian stand, the force level would be in proportion to the degree of infiltration or interference from the other side. By implications, India could discuss re-deployment in case of decline in the activities against its territorial integrity.

While the proposals on Siachen and Sir Creek, were, more or less, on the lines already agreed upon, the formulation on other issues, according to officials, marked a forward movement by India. That was particularly the case in regard to the nuclear CBMs. India could not compromise on its opposition to the nuclear non-proliferation treaty nor accept the proposal for a five-nation conference for a nuclear-free South Asia, as suggested by the United States. Subject to these reservations, it had offered non-proliferation steps in the bilateral context—in keeping with the concerns mentioned during its dialogues with industrialised countries. But there was nothing to suggest that India would accept the "capping, freezing and rolling

back" sequence suggested by the United States and others in regard to its nuclear capabilities.

Pakistan Disappointed

94AS0194C Madras THE HINDU in English 27 Jan 94 p 1

[Article by P.S. Suryanarayana: "Pakistan Still Cool to India's Proposals"]

[Text] Islamabad, Jan. 26—Pakistan today expressed "disappointment" that India's latest proposals, aimed at taking the bilateral process of dialogue forward, "do not address what we (Pakistanis) regard as the fundamental and core problems in Kashmir."

Outlining their "immediate reaction" to, and "preliminary views" on these proposals, the Pakistan Foreign Secretary, Mr. Shahryar M. Khan, told reporters here that India's "non-papers" on as many as six separate issues "miss the point" at stake, "beg the question" in focus or merely "address the peripheral" aspects of the primary issues.

Making it clear that Pakistan would express its "considered" comments on the proposals, Mr. Shahryar Khan said "none of these non-papers, in our preliminary view, really goes to the depth of the two crucial issues" regarding which Islamabad had recently made its own proposals. These related to the modalities of holding a plebiscite in Jammu and Kashmir and "visible steps to stop (India's alleged) repression and human rights violations" there.

It was within these Pakistani norms of judgment that Mr. Shahryar Khan saw India's proposal on converting the line of control in Jammu and Kashmir into a line of peace and tranquillity as suggestion for "a kind of mechanical agreement which would seem to be missing the point" that India was, in mooted this formula, "virtually asking us to accept the status quo on the line of control." Pakistan had already "indicated that this is not acceptable to it," he said.

Real reason for tension: "The real reason for tension along the line of control," which India was now seeking to address, was its "repression" in Jammu and Kashmir, he said. India should take cognisance of this linkage, he argued, but indicated that Pakistan would, nevertheless, undertake "a careful consideration" of the proposal regarding the line of control and "react some time later."

On the proposal regarding a bilateral ban on the first resort to a nuclear-weapons strike against each other, he said: "This proposal, in our view, begs the question. We are not nuclear powers. To have an agreement not to strike first is a basic contradiction in terms."

Dismissing this proposal as an exercise at window-dressing and an essentially "peripheral" aspect of the relations between the two countries, he said India was silent on crucial issues such as "the control of weapons of mass destruction, or the control of ballistic missiles being manufactured indigenously in India or the control

of fissile materials being produced." The proposal "does not come to grips with the real issue of regional non-proliferation," he said.

No contradiction: Asked why Pakistan should shoot down the proposal for a bilateral ban on a nuclear first-strike, especially in the context of Islamabad's concern regarding the need to control India's production of fissile materials and indigenous ballistic missiles, Mr. Shahryar Khan said: "There is no contradiction." While, according to him, the proposal was based on the assumption that Pakistan was in possession of nuclear weapons, Islamabad's concern regarding "other issues such as fissile materials and ballistic missiles" should be seen in the context of "preventing (India) getting there," meaning the acquisition of a nuclear arms delivery system.

To a question whether Islamabad's views against an Indo-Pakistan ban on a nuclear first-strike did not reflect his own assumption that both countries were not nuclear powers, he said: "India has exploded a nuclear device (in 1974). Its capability is a matter of conjecture."

At this point, the official spokesman, who was also present, intervened to say that Pakistan had not exploded any nuclear device and that India's proposal was founded on "a presumption" that Pakistan was a nuclear power. What would be, however, acceptable to Pakistan, the spokesman indicated, was any proposal implying a unilateral commitment by India to desist from a nuclear first-strike against them in these circumstances.

"Only an Update": Mr. Shahryar Khan, referring to what he described as India's proposals on "technical issues" relating to the Siachen, Sir Creek and Wular barrage questions, said India had merely presented "an update on the state of negotiations." Even in this sense, the "non-papers" in this regard were not reflective of the "consensus" already reached by the two sides. The "points at which the bilateral negotiations were left off (on these issues) have not been accurately reflected," he said. He also said Pakistan would study these and other proposals seriously, despite Islamabad's view that India might have presently tried to draw a red herring of proposals across the tracks of the international community to "deflect and divert attention" away from the core issue of Kashmir's political status.

While Pakistan's initial reaction might suggest that it finds itself in no position to reject the proposals outright, diplomatic sources here said the reason could be traced to India's exercise at presenting Islamabad with draft agreements in certain respects.

The sources draw attention to the proposals regarding peace and tranquillity on the line of control. It is said that India's prescription of maintaining peace "without prejudice to the known positions of the two countries" on the fundamental Kashmir issue can be seen as a draft accord which would not transform the existing line of control into a *de jure* boundary between the two countries.

On the proposals regarding confidence-building measures, including a bilateral ban on a nuclear first-strike, the sources said Pakistan's willingness to consider them, despite its reservation regarding the nuclear-security status of India, could perhaps be seen in the context of India's parallel suggestions forbidding each side from launching a conventional attack on the other's economic targets and population centres.

As for "the technical issues," India had suggested "immediate talks" on the Siachen issue in the light of its "specific" ground details regarding disengagement and redeployment of troops on either side. On the Sir Creek issue, it had outlined the "principles" of a possible agreement, while the technical draft of an agreement on Tulbul had also been presented.

Pakistan Uses Rockets Fitted With Time Bombs

*94AS0191H Hyderabad DECCAN CHRONICLE
in English 26 Jan 94 p 1*

[Text] Jammu, Jan. 25 (UNI)—Pakistani troops fired five rockets fitted with time bombs in Poonch areas bordering Pakistan-occupied Kashmir on Tuesday.

Official reports here said two rockets fell in Betar Nullah on the outskirts of Poonch town and three exploded at two different places around the positions of security forces. However, there was no casualty.

The firing of time bombs with rockets is a new phenomenon in the Poonch-Rajouri areas near the Line of Control. Experts say that time bombs are thrown with rockets having solar batteries which are charged by sun. The bombs explode at fixed time.

Since last week in Poonch-Rajouri areas, about 45 such rocket bombs exploded at various places. But these did not cause any casualty as almost all of these rocket bombs landed in deserted areas.

The Governor, Gen. (Retd) K.V. Krishna Rao, on Tuesday accused Pakistan of actively aiding and abetting terrorism in Jammu and Kashmir.

In his message to people on the eve of Republic Day, Gen. Krishna Rao said that Pakistan and militant outfits have been propagating merger of the State with Pakistan or independence, which were illusory objectives.

He said that Pakistan has not only instigated, trained and armed the Kashmiri youth to indulge in subversion and sabotage.

The Governor has ordered the release of 167 detainees on the eve of Republic Day, while the security forces apprehended 20 militants in the Valley during the period, an official spokesman said.

Meanwhile, intermittent firing by Pakistani troops at Indian posts in forward areas near the Line of Control continued. Three civilians were injured in the firing during the past week.

Two people were injured in Poonch district and one in the Chamb sector of Jammu district on Monday, when Pakistani troops fired from across the Line of Control.

Security forces have stepped up vigil along the Line of Control following reports that Pakistan's Inter-Services Intelligence (ISI) has planned massive infiltration of Afghan mercenaries who are trained in guerilla warfare and subversive activities.

The security forces have successfully foiled another attempt of Pakistani troops to push fresh groups of militants into Poonch and Rajouri areas for escalation of violence in the State.

Srinagar: A red alert has been sounded in the Kashmir Valley in view of the militant threat to disrupt the Republic Day functions, while two militants and a security personnel were among 10 people killed during the past 24 hours.

Militants lobbed a hand-grenade on a Border Security Force (BSF) guard at Chadoora bridge injuring three personnel, one of them died in the Army Hospital.

One militant was killed in an encounter with the security forces during search operations. Two more militants were nabbed and arms and ammunition, including two AK 56 rifles, one universal machine gun, one rocket were recovered.

Meanwhile, day curfew in Kishtwar town of Doda district in the Jammu region was lifted on Tuesday following improvement in the overall situation.

Curfew was imposed on Saturday last following the killing of two people by militants in Dool area, which had caused tension in Kishtwar and other adjoining areas.

Indo-Bangladesh Coordination Panel Meets

94AS0191L Bombay *THE TIMES OF INDIA* in English 13 Jan 94 p 13

[Text] New Delhi, Jan 12 (PTI)—India and Bangladesh today agreed to delineate 50 km of their undemarcated border at the earliest.

This was the major outcome of the Indo-Bangladesh coordination meeting at the level of the director-general of the Border Security Force [BSE].

However, no significant progress was reported on the dispute in the Muhurichar area.

A press release issued by the BSE said the surveyors general of the two countries would now be asked to take up the job of demarcation of the 50-km stretch of the border.

On the dispute in the Muhurichar area, India took the stand that on the basis of the Indo-Bangladesh agreement of 1974, the boundary in the area ran along the course of the Muhuri River.

The Bangladesh delegation insisted that cultivation on the Indian side should be stopped.

The Indian side reiterated that the agreement between the two countries related to the alignment of the border and not utilisation of land on either side. It was nevertheless, agreed that the security forces of both sides should exercise utmost restraint in the area.

The two sides agreed that the repair work and maintenance of boundary pillars along the international border should be taken over by their security forces.

Japanese Minister's Remarks Surprise Delhi

94AS0191C Madras *THE HINDU* in English 26 Jan 94 p 9

[Text] New Delhi, Jan. 25—A visiting Japanese Minister, Mr. Shozo Azuma, today surprised his hosts by adopting positions on key political issues of concern to this country that can only be described as unthinking, uninformed, and shorn of nuances and complexities.

The Japanese Parliamentary Vice Minister for Foreign Affairs, the counterpart of a Minister of State here, is the first Minister from his country to come here after the Prime Minister, Mr. P.V. Narasimha Rao, went to Tokyo two years ago.

Considering this, his rough-edged articulations on major political questions raised eyebrows even higher as these were accompanied by constant references to Japan's Overseas Development Assistance (ODA) Charter which stipulates that Japanese aid should be related to the level of arms expenditure of the recipient country, proscribing of weapons of mass destruction, conforming to (west-defined) human rights, and adherence to the market economy.

These are known principles and were ratified by Japanese Parliament two years ago. It is their juxtaposition with a prickly presentation on sensitive issues straight out of a written-down, prepared brief that tended to cause dismay here.

The surprise caused by Mr. Azuma's understanding of key issues like the nuclear non-proliferation treaty (NPT), Kashmir, human rights, missile proliferation and India-Pakistan relations—on each of which this country is engaged in delicate and difficult dialogue with the United States other major powers, as well as Pakistan—was all the greater as only eight days ago in Tokyo, Japan had adopted a restrained approach on these questions during the India-Japan bilateral talks on nuclear and disarmament issues.

The External Affairs Minister, Mr. Dinesh Singh, is reported to have done some plain speaking, reminding Mr. Azuma that Japan had been a victim of nuclear attack. As such, it occasioned surprise to see a Minister from that country taking a position that permits nuclear weapons to be institutionalised in the hands of a few countries while denying it to others.

Mr. Singh is also believed to have displayed some impatience with Mr. Azuma's presentation on the Kashmir question. Official circles suggest that the visiting Minister was informally told that if Japan accepted the position that people's wishes should be ascertained in Kashmir—euphemism for plebiscite that Pakistan has now begun talking about stridently—it should be prepared for a similar exercise in the Northern Territories that lie in dispute between Japan and Russia. In that event the region was most likely to lapse to Japan's neighbour to the north.

Of course, a section of the officialdom took the charitable view that Mr. Azuma was a first-time Minister not quite familiar with the ground on which he chose to tread.

The Japanese Minister arrived here for three days yesterday on the last swing of a goodwill tour of nine countries in Africa and Asia, including Nepal and Pakistan. Today he called on the President, Dr. Shankar Dayal Sharma, the Finance Minister, Dr. Manmohan Singh, besides the External Affairs Minister.

Interestingly, he preferred to dwell more on politics than economics even in his meeting with the Finance Minister. During his several meetings he was informed of India's latest discussions, and detailed offer of talks, with Pakistan. At the end of it, it is understood he appreciated the complexity of the situation, sources noted.

Arun Nehru Writes on Future Challenges

94AS0191A Madras THE HINDU in English 23 Dec 93 p 8

[Article by Arun Nehru: "The Challenges Ahead"]

[Text] In a few days the new year will commence and with it there will be new challenges and opportunities. We are a nation of 900 million people, living in an age where unprecedented changes have taken place and like other large populated countries such as China we have to find the "Indian remedy" to play a more meaningful part in global affairs. The last few years have been traumatic and the changes, both political and economic, in the global order mean a realistic change in our political and economic thinking. It would be fatal to delink the two or to think that we can take an isolated stand on global issues. There are no simplistic solutions, no magic formulae; hard assessments and firm decisions will be necessary.

The break-up of the Soviet Union, the winds of change in Eastern Europe to a democratic system, the growing problems and the great economic hardship in Cuba and North Korea, the emergence of the United States as the sole superpower, must necessarily mean new political alignments. There are no premiums on conflicts, and it should be no surprise that peace, economic development and prosperity will be the challenges of the future. We have peace in South Africa. Both Mr. de Klerk and Mr. Nelson Mandela richly deserve the Nobel Peace Prize. We have peace in West Asia, the PLO and Israel, North

and South Korea are talking; the British Government is looking towards the end of the conflict in Ireland.

On the economic front we have witnessed the emergence of large trading blocs. The United States, Canada and Mexico have taken a significant step forward on NAFTA (North American Free Trade Agreement). The European concept of a single entity is slowly but surely becoming a reality. Japan and the Pacific rim are becoming areas of high growth and prosperity. China has emerged as a major economic power. At the same time cyclic changes and a "peaceful environment" have created a recession in the developed nations. The economic chaos in Russia and the new States, the monetary crisis in Eastern Europe, the perilous situation in Africa, and the Third World living on borrowed funds, are all looking for better days. All economic indicators are showing that the future lies in Asia—the Chinese economy is booming, so is Malaysia, Indonesia and Singapore. Japan despite a recession continues to generate record surpluses. In a difficult situation it is only natural that economic reform and the dismantling of controls will be the objective of the developing reforms. Investigation in the current recession will only flow to high growth areas. The U.S. President, Mr. Clinton's success on NAFTA made it almost certain that the agreement on GATT would follow and despite the usual brinkmanship to satisfy local political pressures, the agreement was signed. The Third World will sadly suffer and suffer because its economic clout is minimal. In the future there will be furious competition to draw investments from financial institutions and countries. India will compete with the others for its share and it will not be easy.

India's relevance as a political power and an economic entity is being closely monitored by the global community and future success and failure will largely be determined by our own internal strength and achievement. Self-reliance was the slogan and the driving point of Panditji's policy and it is with gratitude that we must acknowledge that the cumulative wisdom of our past leaders has provided us with the infrastructure to deal with the future not only in terms of industrial capacity but also in the creation of the world's third largest technical manpower. Comparisons are unfair, but perhaps it would be relevant to mention that China has never indulged in vilification of its past. The reform process did not follow the World Bank manual but rather relied on a "local formula" for implementation. The world today is seeking China both for investment and trading. China with its population and industrial growth will be one of the largest consuming countries for a variety of products. The key factor in its success was that reforms benefited the vast majority of its population.

The world and the business community look towards India for political stability for its existing Government and more important for a continuation of its democratic structure. Military dictatorships and totalitarian regimes have a tendency to give an impression of firmness and stability, but in the long term tend to degenerate into a chaotic and uncertain future. The past decade in India has not been an easy one. We have witnessed two tragic

assassinations. We have seen the forces of caste and religion dominate our electoral stage. We have witnessed serious law and order situations. We have seen four Governments come and go. We have survived all these traumas and it is to the credit of our people that they have continuously reaffirmed their adherence to democratic institutions and to a secular future.

To predict national trends for the general elections on the basis of current election results will require the services of an eminent astrologer. The possibility of mid-term elections is now no longer a reality after the recent events. The Congress(I), generally expected to do little, won handsomely in Madhya Pradesh and Himachal. The BJP [Bharatiya Janata Party] after the dismissal of its Government was expected to retain the States where it was in power and it was tactically natural for it to fight a high profile election and advance its claims for the general elections. The loss in Madhya Pradesh and Himachal was a disaster, but the failure to form a Government in Uttar Pradesh, was calamitous. In Rajasthan it barely won. The Delhi victory was spectacular. The Janata Dal predictably simply ceased to exist.

On the surface the Congress(I) and the Prime Minister are the big winners. The BJP has suffered a serious setback, and the Janata Dal is hurting towards self destruction. The regional forces gaining firm roots in Tamil Nadu, Andhra Pradesh, the North-East, Bihar and Orissa have made a historic gain with Uttar Pradesh and Mr. Mulayam Singh. Between 1994 and the general elections there will be State elections in Andhra Pradesh, Karnataka and Bihar. To predict winners and losers at this stage would be presumptuous. The policy initiatives however cannot be put off as a strategy for the future must evolve.

The Congress(I) and the Prime Minister will have to determine if the party is strong enough to emerge with a simple majority. Both in 1989 and 1991 the dismal results in Uttar Pradesh and Bihar denied the party the success it sought and the position there now is perilous. An alliance with Mr. Mulayam Singh or Mr. Lallu Yadav may work in the short term but the future implications could be catastrophic. Ram Manohar Lohia prevailing over the Nehruvian concept could have a snow-balling effect. The Congress traditionally looks to the future. The Congress(I) became the Congress(R) when Rajiv Gandhi became Prime Minister and now it is Congress (PVNR) [P.V. Narasimha Rao]. Sheer logic indicates that the Prime Minister would have to pursue an independent course of action if he is to lead the party in 1996 and avoid dissident activity in the immediate future. The failure in Uttar Pradesh cannot be attributed to the Prime Minister, but the coming Andhra Assembly elections will be a key factor in determining his capacity to lead.

The Janata Dal will claim all-India status but is primarily confined to Orissa and Bihar, both States run by charismatic leaders who will now ponder over their future course of action. The party has ceased to exist in Uttar Pradesh and in the coming months the party or what is left of it will continue to splinter. Mr. Ajit Singh

may once again decide to support the Congress(I) in a "principled" stand. The National Front has a bleak future but NTR [N.T. Rama Rao] in Andhra, Mr. Biju Patnaik in Orissa, Mr. Lallu Yadav in Bihar have a strong regional base and will naturally protect their interests. Fortunately the projected caste war has not come about and as the BJP may realise governance is the key issue. Caste and religion in their ugliest proportions have created a limited following. But the vast majority of the electorate have opted for governance and in Uttar Pradesh where the decline, almost total eclipse of the Congress(I) and the Janata Dal has given limited opportunities, the results have been splintered. The biggest State with 85 seats has gone into a state of uncertainty.

The new year is coming and with it must come the optimism of a better and brighter future. The future rests with all of us. We are a nation of 900 millions. We have the ability. We have the talent. We have the determination and will to succeed. The cumulative wisdom of India does not lie in the Cabinet or in the hands of the few. Everyone has a single vote and it is this power that determines victory and defeat. Victory cannot lie in the twin evils of caste and religion. The lessons of history indicate that we were enslaved for a thousand years because of these contradictions. There can be no future for India unless there is economic prosperity and growth. These are the global issues and challenges and it is to this direction that we must channel our vast reservoirs of talent.

Reportage on Election Commission Measures

Seshan on Plans

94AS0192A Bombay THE TIMES OF INDIA
in English 15 Jan 94 p 7

[Text] Bangalore, January 14—The election commission is considering a proposal to limit the number of observers and agents at the polling booths and counting centres to minimise chances of malpractice, the chief election commissioner, Mr T.N. Seshan, said.

Mr Seshan, who began the first of the meetings of regional electoral officers here yesterday, in anticipation of elections due at the end of this year, told reporters that barring the national parties, observers and agents would be allowed into the booths by rotation and only 10 to 15 percent of the agents of independent candidates would be permitted at a time. The presence of a large number of persons when the officials were involved in the nitty-gritty of elections would only be an unnecessary diversion, Mr Seshan said.

The meeting also had on the agenda measures to restrict the "manipulative, muscle and money power of privileged contestants that could affect the prospects of other candidates." This included controlling excessive and ostentatious expenditure and restricting the issue of facilities to the election staff to keep dummy candidates and other irritants at bay.

There would also be a bar on ministers and candidates attending official meetings and any meetings that could influence the officials, as this would only divert attention of the staff during the elections.

Mr Seshan was firm on the issue of the photo-identity cards to voters and said he would brook no excuses from any state government on that. If some state governments complained that they could not afford to spend Rs 100 crores on the cards, his stock answer was, "democracy doesn't come cheap." The deadline for completing the process of issuing identity cards is January 1, 1995. There would be no elections in states where this process is not completed by then, he reiterated.

The process of issuing the cards had been "deliberately" decentralised, and besides the identity and other details of the voter, the card would sport a laser hologram of the state symbol to distinguish the card. The card would be as complete as possible, but the ultimate responsibility of ensuring that the entries were correct was on the voter himself.

On the restriction of the number of vehicles and security provided to candidates, Mr Seshan clarified that it was subject to the needs of the security of the candidate concerned. Restricting the number of candidates to accommodate the "privileged" ones was no solution, and the election commission generally proceeded on the assumption that all candidates were serious candidates. The idea was to convey to the people the seriousness involved in the conduct of elections, he added.

No decision has yet been taken on the use of electronic voting machines, since the government was not in a position to expend Rs 1,000 crores over three years to deploy them nationwide. Besides, the machines have several limitations, which could not be taken care of in the available time.

The southern meeting was to be followed by those of the other five regions, including the central, northern, western, eastern and north-eastern regions in the coming weeks. The agenda for all these would be the same.

Programmes to increase voter-awareness, and all measures to minimise violation of election norms were also considered at the meeting. Asked about the measures to deal with election-day eve malpractices, Mr Seshan said, "If I were to tell you that the entire election process can be finished in one shot, and everything taken care of, it would be stupid on my part."

He stuck to his guns about the orders to political parties on cleaning up the walls and hoardings and removal of posters. "If I am ignored on this, I will bark, I'll bite, I'll shout and fight and do whatever needs doing to be obeyed on this," he warned.

Ban on Weapons, Vehicles

94AS0192B Madras *THE HINDU* in English 13 Jan 94 p 9

[Text] New Delhi, Jan. 12—The Election Commission has issued fresh instructions for seizing arms and ammunition and checking the movement of authorised vehicles to ensure the smooth and peaceful conduct of elections.

The three-page orders have been issued in the light of the experience gained during the recently held Assembly elections to four Northern States and the Union Territory of Delhi, besides Mizoram.

According to the directions, no new arms licences would be issued during the election period. The police would conduct mopping up operations in the areas infested by anti-social elements, paying special attention to unearthing unlicensed arms and ammunition. The illegal manufacture of firearms would be checked by conducting searches and arresting the persons involved.

Special vigil on the inter-State movement of trucks and other commercial vehicles has also been suggested to prevent smuggling of arms and ammunition and anti-social elements.

All firearms licence holders living in sensitive areas would be asked to deposit their weapons with the district administration for one week from the last date of the withdrawal of candidature. Exception may however be made in genuine.

Responsibility: The District Magistrate and the Superintendent of Police would be personally responsible for ensuring that the exemptions granted were genuine. They would be liable for severe action if any of the licensed arms which were not impounded were found to be misused during elections.

Prohibitory orders banning the carrying of licensed arms would be issued as soon as the election was announced. If, in the opinion of the Director General of Police, there was a real threat to the life and property of any person, he or she should be provided with necessary security. But under no circumstances would he be allowed to carry his own personal firearms or to be accompanied by anyone with firearms.

The orders prohibit the plying of authorised cars and vehicles in a convoy of more than three vehicles. All bigger convoys would be broken up even if they were carrying any Minister of the Central or State Government or any person entitled to any security cover.

Failure to do so would be treated as serious and might lead to cancellation of the poll, the order said.

Assam Rolls Revision

94AS0192C Hyderabad DECCAN CHRONICLE
in English 12 Jan 94 p 12

[Text] New Delhi, Jan 11 (PTI)—Dissatisfied with Assam Government's performance, the Election Commission on Tuesday night ordered a special revision of electoral rolls in 40 Assembly constituencies in Assam with some conditions and a summary revision in the remaining 86 constituencies with January 1 this year as the qualifying date.

The Commission directed once again that *status quo ante* should be restored in respect of those officers working as Electoral Registration Officers [ERO] and Assistant EROs in the 40 Assembly constituencies, who were transferred without prior approval of the Commission.

"The Commission holds these transfers as gross violation of its orders and will consider the work of revision of rolls vitiated unless *status quo ante* is restored," a communication issued by its Secretary, Mr Ram Kishan said.

In another directive, the Commission directed the Central Government to indicate by month end the maximum availability of Central police forces at a time for deployment in 10 States during Assembly elections due from this year-end to March next year making it "unequivocally" clear that it will not bunch several general elections.

The Centre should also indicate the time that would be required for the movement of these forces from one place to another.

"If the reply from government is not received by the stipulated date, the Commission will proceed to take decisions at the appropriate time on the basis of its own information and appreciation of these factors," it said.

Marxist-Leninists Want Closer Ties to Left

94AS0191M Bombay THE TIMES OF INDIA
in English 13 Jan 94 p 6

[Text] Calcutta, January 12—The CPI(M-L) [Communist Party of India—Marxist-Leninist] general secretary, Liberation group, Mr Vinod Mishra, said here yesterday that his party will strive for closer co-operation with the CPM and the CPI [Communist Party of India] in the Hindi belt, particularly in Uttar Pradesh and Bihar, to build up a "Left offensive."

He said this had become necessary as with the Janata Dal in crisis everywhere, the Mulayam Singh government in Uttar Pradesh had become dependent on the Congress. In the circumstances, one could not expect the Mulayam Singh government to oppose the Congress government at the Centre on major issues, like the new economic policy.

At the national plane also, the CPI(M-L) would work unitedly with the Left parties to oppose the "anti-people" policies of the Rao government at the Centre.

The party would participate in the proposed rally by the Left parties in Delhi on April 5 against the Dunkel proposal, he added.

Mr Mishra, however, made it clear that while trying to work unitedly with the CPM and the CPI elsewhere, the CPI(M-L) would continue to oppose the "anti-people" activities of the CPM-led Left Front government in West Bengal. Mr Mishra regretted that corruption had become institutionalised in West Bengal during the 17-year rule of the Left Front government.

Asked if they wanted the Left Front government in West Bengal to go, he replied that they would never like it to be replaced by a Congress or the BJP [Bharatiya Janata Party] government. They will support the Left Front government in the event of any attack on the government by the Centre or communal forces. But they would in no case agree to the CPM's demand that they should give up their criticism of the Left Front government if they wanted to be an ally of the Front.

Mr Mishra said that the CPI(M-L), which held its central committee meeting for three days ending on January 10, had decided that henceforth the Indian People's Front (IPF) an associate body of the party, would no longer be an electoral platform. Supporters of their cause would henceforth fight the elections under the banner of the CPI(M-L).

Efforts were on to form a national level platform with the IPF and organisation, like Narmada Bachao Andolan, Lal Nishan Samiti of Maharashtra and Rajasthan Kishan Sangathan, to fight unitedly major issues like communalism and the new economic policy. Ms Medha Patkar was scheduled to visit Patna next month for holding preliminary talks in this regard.

Asked to comment about the emergence of the Bahujan Samaj Party, Mr Mishra said that a particular political situation had brought the party to the forefront in Uttar Pradesh.

Reforms Urgently Needed in Insurance Industry

94AS0190D Madras INDIAN EXPRESS in English
10 Jan 94 p 13

[Article by George Mathew: "Will Government Implement Reforms?"]

[Text] Bombay—It is one of the last vestiges of state control in India. The process of freeing the much-protected insurance industry from the clutches of government control will accelerate with the release of the Malhotra Committee report on reforms in the insurance sector.

For an industry which accounts for annual premium income of around Rs[rupees]10,000 crore, the report will be path-breaking. The recommendations have, no doubt, raised new hopes, especially among foreign companies and Indian private sector. Will their dreams materialise?

A host of Indian industrial groups like the ITC group, Kotak Mahindra, the Birlas and the Lloyds group have already evinced interest in entering the insurance business, if freed from the shackles of controls. "Certainly we will look into this area...but the Government should make its mind clear about accepting the report," says G C Garg, president of Lloyds Finance Ltd, a financial services company.

Throwing open the sector to foreign companies means the entry of foreign firms like American Insurance Group, Eagle Star and Sun Life. As the hitherto protected Indian insurance industry offers tremendous growth potential, foreign firms are expected to rush to this new gold mine.

Garg feels that insurance is a logical extension of financial services activities where his company is involved. "Competition will improve efficiency," he said while welcoming the Malhotra committee recommendations. But will the Government accept the proposals?

In fact, industrial groups started eyeing the insurance sector long before the Government finally woke up with the idea of throwing it open and Malhotra Committee was set up to find suitable ways for that. "The Government's decision was influenced by the international lending agencies like World Bank. So it won't be surprising if foreign insurance companies make a grand entry into the country," said a former LIC [Life Insurance Corporation] chairman who preferred anonymity.

After the nationalisation of 245 private life insurance companies into one entity—LIC—and the formation of GIC [General Insurance Corporation], competition was a subject unheard of in the insurance industry. Will the Government have the political courage to implement the recommendations of the committee? The trade unions have already raised their opposition to privatisation of the sector. Although the Narasimham committee submitted its report on reforms in the financial sector long ago, critics argue, the Government has not yet made any significant changes in the banking sector.

Further, the Government would not have access to cheap funds of LIC and GIC. As of now, LIC and GIC are required to invest 75 and 70 percent of the funds in Government and Government guaranteed securities—where interest rate is very low—and other socially-oriented sectors as may be directed by the Government. The committee has recommended that this should be reduced to 50 per cent and 35 percent so that the return from investments will be more. Considering the fact that LIC has funds of Rs40,000 crore, the Government stands to lose crores of rupees.

"LIC policies are not attractive as far as other instruments of savings are concerned. Their rates of premium are probably highest in the world," says a report of the Indian Merchants Chamber [IMC] on reforms in the insurance sector. Industry circles generally feel that LIC has become too large an organisation having seven zonal offices, 93 divisional offices and 1,900 branch offices.

Will the Government make LIC—which is now functioning with a ridiculously low capital of Rs five crore—a public limited company? It remains to be seen. So is the divestment of 50 per cent GIC's capital to the public.

LIC and GIC mandarins and their trade unions still dish out the social-responsibility factor to prolong opening up of the insurance sector. "Will the private sector and foreign companies go to rural areas?" asks a former LIC official, while refusing to accept the fact that efficiency has been sacrificed at the altar of protectionism.

The private sector feels that the insurance sector is still vastly untapped, thanks to poor marketing by the public sector behemoths. The recommendation of the Malhotra committee that new entrants in life insurance should be required to transact a certain minimum business in rural areas and new general insurers should write a certain minimum rural non-traditional business will offset the complaint that private sector will avoid rural areas, it is felt.

Earlier private insurance companies were nationalised mainly on the allegation that these firms were misusing public funds for other purposes. The committee's recommendation that no insurance company should invest in its affiliate, whether incorporated or not, is expected to take care of the fear that funds will be misused.

The IMC report has argued that prudential norms and statutory requirements recommended by the Narasimham committee for banks should be made applicable to the insurance sector. By setting up an insurance regulatory authority in the form of a statutory autonomous board—a la the Securities and Exchange Board of India (SEBI) in the capital market-level playing ground can be assured for both public and private sectors. Indiscriminate entry of any Tom, Dick and Harry can be prevented by stipulating a minimum paid-up capital of Rs 100 crore for new entrants as is in the case of new private banks.

If earlier indications are anything to go by, there is bound to be intense pulls and counter-pulls inside and outside the Government when it comes to implementation of the report. To what extent the report will be implemented, is anybody's guess.

Plans Implemented for Social Audit of Mass Media

94AS0190E *Bombay TIMES OF INDIA* in English
14 Jan 94 p 5

[Article by Allwyn Fernandes: "Move for Social Audit of Mass Media"]

[Text] Bombay, January 13—Dr N. Bhaskar Rao, convener of the Union communications ministry's social audit panel, plans to set up a similar group for the mass media, mainly with the help of teachers from across the country.

Mr Kushwant Singh, noted journalist, and Mr. B.G. Deshmukh, former Union cabinet secretary, who are members of the telecom panel, are also involved in the new project. They hope to set up the mass media panel by April.

"I find school principals and teachers around the country are alarmed at how they are losing control over children, but the government is a helpless spectator to the bombardment from the skies of satellite TV programmes.

"Newspapers everywhere are going in for television and you are going to see media conglomerates. There is, therefore, great need for professional monitoring and analysis of the media scene, keeping the social aspect in mind," Dr Rao, who is chairman of the Centre for Media Studies, Delhi, said.

Last week, the British Government signalled its intention to allow the creation of large British media conglomerates, combining newspaper/publishing companies with TV/telecommunications groups capable of competing with European and American giants.

The aim of the review of cross-media ownership rules is to ensure the survival of domestic TV production companies and strengthen them in their "assault" on rapidly expanding "global media markets." The BBC chief has already started talking of the BBC as "an empire without frontiers."

But the review has raised basic concerns about plural sources of information in a democracy and about protecting readers/viewers. Dr Rao's panel hopes to examine these issues, promote debate and suggest policy because the government seems to be a "helpless spectator," as he put it.

His comments about women and teachers being most concerned about the impact of TV is borne out by what is happening in Bombay. At least three schools in one Bombay suburb alone have been looking for counsellors recently because teachers are unable to tackle the problems students now face.

In one school where the principal got the parents-teachers association involved in the proposal, there was stiff resistance from the men who felt that parents would not co-operate "because no one wants to discuss family problems with an outsider."

It was the women present who asserted themselves, overruled the men and passed the proposal because, as one of them put it, "it is we who bear the brunt of what is happening, not the men who are too busy at work."

Dr Rao said he was looking for volunteers in different parts of the country not connected with advertising to be involved with the panel on an honorary basis. Technology was changing social behaviour. Children were making crank calls or using the telephone to call sex and astrology services advertised on Star TV, out of curiosity, not realising these were international calls.

In one girls' school in a middle-class suburb here, tenth standard children are being encouraged by their peers to have a "boyfriend." Those who say their parents will not allow them are told, "Don't worry, we'll get you a telephone friend." Those who do not have a phone at home find the telecom centres that have spouted out everywhere convenient to call their "telefriends." Parents are alarmed because "we do not even know who is at the other end of the line."

Dr Rao said he first toyed with the idea of a mass media panel seven years ago when he set up a national council of TV viewers in 18 towns. Most of the panel members were women and teachers because he had found they were the most worried about the impact of mass media on the younger generation.

"I also find that most people are quick to agree in private conversation about the problems likely to be caused on children by TV viewing. But they hesitate to say so in public because they are afraid of being dubbed backward or conservative by their peer groups. They are waiting for someone to take the initiative," he said.

The national council of TV viewers did not pick up, probably because at that time people had not realised the impact TV would have on the minds of young viewers. But now that satellite TV was a part of the media scene, the panel was an idea whose time had arrived, he felt.

Newspapers everywhere were carrying stories of children picking up ideas to commit crime from TV serials. In Bombay, a boy had killed his grandfather. There was a similar incident in Calcutta, while in Delhi on New York's eve, youths abducted a woman and tried to rape her. Only timely action by the public and the police had saved her.

Dr Rao said he was inspired to set up the mass media social audit panel because of his experience in the telecom panel over the past 18 months. The telecom social audit panel was the first of its kind in the country and was set up to bring about greater responsiveness in the operations of the telecom and postal services.

The panel, headed by the former chief justice, Mr P.N. Bhagwati, has made several recommendations on postal and telecommunication services, involving operational and policy changes, aimed at making the subscriber the focal point and prime concern of the system.

Many of the suggestions made in the four reports submitted so far have been accepted by the communications ministry. These include giving the subscriber a rebate for the period the telephone is dead, and using the software in electronic exchanges to allow a user who had not paid the bill to receive calls, but not make them.

"New technology has come in many areas, but the rules have not changed to keep pace with it. The same thing is happening in mass media. Technology is overtaking us.

We shall have to develop a methodology of social audit of mass media to monitor the role, impact and the way it is used," says Dr Rao.

Plans To Acquire Hawk Aircraft Told

94AS0191K Bombay THE TIMES OF INDIA
in English 17 Jan 94 p 17

[Article by Srinivas Laxman]

[Text] Bombay, January 16—Every afternoon the Indian Air Force [IAF] station at Yelahanka near Bangalore used to resound to the boom of a tiny jet performing numerous manoeuvres during last month's air show.

Its performance created a lot of excitement among the delegates and among those present were the IAF top brass who seemed truly impressed.

The aircraft which displayed its prowess at the Bangalore air show was the British Aerospace advanced jet trainer (AJT), Hawk and exactly a month later the government of India has decided to acquire this aircraft for the IAF.

The Hawk's immediate rival, the Franco-German Alpha which was also to have been displayed at this air show, pulled out and French aviation officials were unable to explain this sudden move. This further lent credence to the theory that the Alpha advanced jet trainer (AJT) had lost the race to get into the IAF inventory.

The government of India has been dithering over the choice of the AJT for more than a decade and efforts by various IAF chiefs to convince the government to take a quick decision had proved futile.

The IAF was in dire need of a trainer because of the difficulties pilots faced while graduating from the subsonic Kiran trainer to the supersonic aircraft. This transition was being done on the Hunters but they had now become old.

According to the former deputy chief of air staff, C.V. Gole, "the government's perennial excuse for delaying the decision on the AJT was lack of funds."

While the government remained undecided on such an important matter, IAF pilots were all the while facing a mismatch between man and machine, as a pilot took combat training in an aircraft with old technology, but had to fly a modern fighter like the Mirage 2000 and Mig-29. This eventually began to take its toll.

Initially, there were four types of AJTs trying for the attention of the Indian government. These were the British Aerospace Hawk, the Dassault Breguet-Dornier Alpha, Aeromachhi's MB-339 and Czechoslovakia's Aero L-39.

After evaluation, the choice narrowed down between the Alpha and the Hawk. Eventually, the Hawk has emerged victorious.

Explaining why the Alpha was not found suitable, Mr P. Upendra, MP [member of Parliament], said in the Rajya Sabha on August 27, 1993, that the last model of this aircraft was produced in 1986.

He said: "All Dassault proposes is to transfer to India its jigs and tooling equipment, which have been lying idle in France for years since there is no further market for Alpha jets anywhere in the world..." Thus the Alpha lost out.

Media reports today speak of the Union cabinet giving the green signal for the acquisition of 66 British Aerospace Hawks, expected to cost over Rs 6,000 crores.

The first major Hawk variant was the "50 series" which was sold to Finland, Kenya and Indonesia. The "50 series" was succeeded in 1981 by the "60 series" which incorporated changes in the avionic system. This was the aircraft being considered by the IAF.

The Hawk-60 with various changes resulted in a 33 percent payload increase and a 30 percent increase in range. Its customers include Zimbabwe, Dubai, Kuwait, Saudi Arabia, Abu Dhabi and Switzerland.

In 1984 came Hawk-200 which was followed three years later by the Hawk 100 which was displayed at Bangalore. The question is whether the government will now opt for this variant of the Hawk?

IRAN

Tehran Made Perilous by Destruction of Dugouts

94LA0091F London KEYHAN in Persian 10 Feb 94 p 5

[Text] The hasty destruction of Tehran's shacks and dugouts, theft, inconvenience, prostitution and behavior, actions, and thinking in general have scattered dwellers in shanties, who until now were confined to this area, throughout the capital and have increased their numbers. After their shanties and dugouts were made into parks and other centers, the shanty dwellers took the same life to which they have become accustomed over the years to other parts of the city and made themselves new shanties.

Even those who were installed in new housing by the government in newly established towns migrated to other locations after a time because they were not familiar with urban and apartment life.

Experts say this serious and deeply rooted social problem cannot be solved by building parks and libraries on top of the shanty towns and dugouts. It needs years of cultural and social work to uproot the thinking and lifestyle of living in shanties and dugouts, with all its characteristics.

The inattention of officials to doing fundamental work to change the culture of the society of dugout and shanty dwellers, especially the youth, has spread various forms of criminal behavior, which were once confined to the

shanty areas to other parts of the capital. The young generation of shanty dwellers is illiterate and lacks any kind of skill. Now they do not know how to do anything but collect garbage, scavenge, steal from homes, snatch purses, steal automobiles, buy and sell narcotics, prowl neighborhoods, and annoy people. In reality, the dugouts and shantytowns can be called societies for training young criminals.

After driving out the shanty dwellers and destroying their huts, they have now created the same conditions that existed before in different parts of the city, and naturally they are more difficult to control than before.

Experts believe that before turning these areas into parks, recreational centers and other things, officials should have changed the social and training makeup of the shantytowns through the necessary instruction, by operating short-term literacy programs and by teaching the young people some kind of specialization and ability. For example, after the women on Jamshid Street in the Qazvin gate area were driven out, they scattered to other parts of the city and continued living in the same way.

A problem the dugout dwellers faced immediately after their neighborhoods were destroyed was the loss of their identity and lack of familiarity with normal urban life. For this reason, after they were driven from their shantytowns, they tried to create the same atmosphere and conditions in other parts of the city. The government transferred some of the shanty dwellers to cities built during these years, but after a short time these families realized that the culture of shanty dwelling is not compatible with the culture of living in these kinds of places and they gradually moved away from urban life and returned to their former lives.

In other words, the shanty dwellers were merely displaced, and they took their lifestyle with them wherever they went. The experts worry that dealing precipitously and without study with the issue of life in dugouts and shanties in the early years of the revolution is gradually bringing the failures of the past back to the city. One of the most sensitive areas is the Jamshid area, where the women of Qel'eh, formerly Shahr-e No, live. In recent years famous dugouts in Tehran such as Zanburak Khuneh, Haluqanbar, Qasem Shokry, 'Arabha, Haj Masha'allah, Majalleh-ye Jamshid, Baghchal, Seyyed Darvish, Halab Shahr, and Nafari were destroyed without the necessary study of their social, family and cultural situation and their employment. Yet before settling the residents of these dugouts in other places, it was necessary first to think about the state of their education, their health-care situation, and most important of all, their moral, ethical, and psychological problems. The youth and adolescents in the shantytowns are either illiterate or only partially literate. Their only recreation is theft, harassment, and buying and selling narcotics.

Sociologists believe that destroying dugouts and shantytowns destroys the physical makeup and the identity of

the neighborhoods, and on the other hand, by scattering the shantytowns it disrupts the web of social relations. Officials are now seeing the return of some shanty dwellers to some of these areas, and this in itself shows the strength of the structural roots in the phenomenon of shanty towns. In some districts not only have the shantytowns not been uprooted, but other shanty towns have also been created.

There are now 50,000 people living in shantytowns scattered throughout the capital.

Three Communication Centers Operational in Qom 94LA0098I Tehran SALAM in Persian 9 Feb 94 p 15

[Text] Hamid Mirzadeh, the deputy president for executive affairs, said on Monday: President Hashemi-Rafsanjani agreed to the allocation of 10.5 billion rials in addition to other developmental funds for the province of Mazandaran.

According to Mirzadeh, the above-mentioned funds were allocated in the form of 120 projects for 17 cities of the province of Mazandaran.

He said: These funds will be spent on developmental projects, including building rural and urban roads, building housing for deprived people and those without guardians, multipurpose sports arenas, development of educational and cultural spaces, development and equipment of health and treatment centers, and also providing and starting cultural Basij centers for the youth.

The deputy president for executive affairs and the governor of the province of Mazandaran will oversee the spending of these funds on developmental projects in the province.

Thousands of Tons of Goods Exported From Azarbaijan

94LA0093F Tehran SALAM in Persian 2 Feb 94 p 15

[Text] Urmia—IRNA: The West Azarbaijan general manager of industrial research and standards said: In the first nine months of this year 48,124 tons of goods valued at 8.076 billion rials[R] were exported from this province.

Farhang Mehr said on Monday: This figure represents an increase of 19,000 tons by weight and an increase of R956 million in terms of value over the same period last year.

He said: The exports went to Turkey, Bulgaria, Russia, the Republic of Azerbaijan, Germany, France, and other countries.

Farhang Mehr said the main export goods from West Azarbaijan include apples, valued at R3.584 billion, and sausage skins valued at R3.019 million.

Other items exported from West Azarbaijan during this period were currants, potatoes, cookies, wool, pistachio meats, garlic, walnut meats, blankets, pomegranates, pistachios, and dates.

Over \$900,000 Nonoil Goods Exported

94LA0093E Tehran SALAM in Persian 2 Feb 94 p 15

[Text] The value of nonoil exports passing abroad through Yazd Customs reached \$903,000, an increase of \$42,000 over the same period last year.

Mohammad Sadeq-Falah, chief of Yazd Customs, said on Monday: During this period 835 tons of goods were exported to England, Sweden, Germany, Russia, South Korea, Pakistan, Turkey and the nations of the Persian Gulf.

He added: Exports from this customs port decreased 32 percent by weight compared to the same period last year.

He said the reason for the decline in weight of the export goods is the export of 2,000 tons of decorative stone last year, and added: This is due to the increase in weight of the export goods in the year 1371 [21 March 1992-20 March 1993].

Millions of Mabarakah's Steel Products Exported

94LA0093D Tehran SALAM in Persian 2 Feb 94 p 15

[Text] Esfahan, SALAM Correspondent— A council composed of the financial and economic affairs managers at the Mabarakah Steel Complex held a meeting attended by media correspondents in which issues pertaining to the steel complex's financial and economic affairs were discussed.

At the outset the manager of economic and financial affairs of the Mubarakah Steel Complex discussed the situation with the sale of this complex's products. He said: By the end of the month of Dey this year [20 January] the Mabarakah Steel Complex had 230 billion rials in domestic sales and also about \$15 million in foreign exchange exports.

He said the steel complex will be profitable when it produces 1.6 million tons. He said: Production has already reached 800,000 tons, and it is expected that under the Second Five-Year Plan production will reach 3.5 million tons. Our correspondent reports that the complex's financial and economic officials announced that this year the complex will save \$78 million in foreign exchange. They added: It is expected that by the end of the Second Five-Year Plan in the year 1377 [21 March 1998-20 March 1999] foreign exchange savings will reach about \$1 billion.

This council said the major problems of the Mabarakah Steel Complex are the shortage of electrical energy and natural gas.

Reconstruction Projects Inaugurated in Azarbaijan

94LA0093C Tehran SALAM in Persian 2 Feb 94 p 15

[Text] In the blessed days of the Ten Days Dawn celebration, 512 small and large development projects were put into operation throughout the province of West Azarbaijan.

In a proclamation on the occasion of the beginning of the Ten Days Dawn celebration, the governor-general of the province of West Azarbaijan said: Among the large projects ready to go into operation is the Urmia Tractor Factory.

'Ali Sa'adat said: This year 2,200 new and semicomplete projects are being implemented in this region with 84 billion rials[R] in province development credits, of which 1,340 have gone into operation.

He said: Of these projects, 512 were put into operation during the Ten Days Dawn celebration during the celebration of the triumph of the Islamic revolution.

The governor-general of the province of West Azarbaijan said the amount of national credits allocated for this province this year is R42 billion.

'Ali Sa'adat said: This money will be used to implement large projects in the area. Without mentioning the details of the projects, he said: With the implementation of the large projects and more attention to water and soil resources in West Azarbaijan, major changes are being made in the economic and cultural face of the province.

Twenty Drug Smugglers Killed in Battle With Forces

94LA0092B London KEYHAN in Persian 24 Feb 94 p 2

[Text] The commander of the Islamic Republic's police forces, Revolution Guard General Reza Seyfollahi, announced on Sunday at a press conference that in two days of fighting with a convoy of smugglers in the province of Sistan va Baluchestan, 20 smugglers were killed, 11 were wounded, and 103 were captured, and 3,287 kg of opium were confiscated. The statistics given indicate the intensity of the fighting. He did not announce police casualties.

Revolution Guard General Reza Seyfollahi announced that as of the beginning of the current solar year [21 March 1993] 80 tons of narcotics has been confiscated in Iran, while in the same period the previous year this figure was 65 tons.

He also said that during the same period 14,612 narcotics smugglers and 43,063 addicts were arrested.

Thousands Committed Suicide in Khorasan Last Year

94LA0091C London KEYHAN in Persian 3 Feb 94 pp 1, 3

[Text] Last year we gave a report on suicides in the province of Mazandaran. The Islamic Republic's official sources are now reporting that last year 4,000 people committed suicide in the province of Khorasan. The main reason for the suicides was the pressure of poverty and the inability to make a living. It was announced that 2,800 women and 1,300 men committed suicide. Almost 50 percent of those who kill themselves are 10 to 30 years old.

Last year 4,000 people killed themselves in Khorasan. Research and studies by physicians and sociologists at Mashhad University show that almost all these people were under heavy and unbearable economic pressure and were unable to manage their families.

A cleric from Mashhad said that economic pressures alienate a human being from God, and alienation from God makes suicide easy.

The supervisor of the toxicology ward at Emam Reza Hospital in Mashhad said the statistics on suicide in the province of Khorasan are very worrisome in terms of their numbers and motivation for doing so. Moreover, the number of people who are taking their own lives as a way out of economic and social problems is on the rise. Of the 4,000 people who killed themselves last year, 2,800 were women and 1,200 were men. These people used tranquilizers and chemical poisons to kill themselves, or immolated themselves.

Statistics from Khorasan's hospitals show that men are more determined about their decisions to kill themselves than women, because they usually do so in such a way under daily pressures that there is no way to save them. Research by the supervisor of the toxicology ward at Emam Reza Hospital has shown that 49 percent of the suicides take place between the ages of 10 and 30. Of these 4,000 people, 53 percent were married, 45 percent were single and 4 percent were divorced. A sad point, according to this doctor, is that a small number of the individuals who immolate themselves survive, but become depressed because of the changes in their bodies and faces. A sociologist at Ferdowsi University in Mashhad believes that these days, for reasons that are clear, suicides that were once done secretly are now done in the open. This professor emphasized that economic disruptions in societies such as Iran's cause these kinds of suicides. He warned the government that suicides take place when there is no other option, and this is the reason the number of suicides is increasing every day.

A judge in Khorasan said the reason for the increase in suicides is the lack of correspondence between incomes and costs. Of the 4,000 who killed themselves last year in Khorasan, 74 percent had high school diplomas or less, 23 percent were illiterate, and 3 percent had studied in universities. Last year only 60 people who immolated

themselves were taken to the accident ward at Mashhad's Qa'em Hospital. Of these, 98 percent were women, and unfortunately 99 percent of them died.

Hospital officials and Khorasan judges have said: Most of the self-immolations are done because of financial pressures, which are followed by family disputes. Many people in the province of Khorasan wonder how in a religious region in the country where religious beliefs are supposed to meet the spiritual and psychological needs of the people and give them peace of mind, the suicide rate is higher than in other parts of the country.

Import of Goods Exceeds 12.7 Million Tons

94LA0091B Tehran KEYHAN-E HAVA'I in Persian 9 Feb 94 p 10

[Text] Tehran, 12 Bahman [1 February]—The nation's nonoil imports in the first nine months of the year 1372 [21 March-23 September 1993] weighed 12.7 million tons, 91 percent of which came in through ports, the remaining 9 percent through land borders.

The public information office of the Ministry of Roads and Transportation reports that 5.3 million tons of the imports were basic goods, the remaining 7.4 million tons nonbasic goods. Ninety-seven percent of the basic goods were unloaded at ports, the remaining 3 percent at land borders.

The amount of goods shipped during this period was 10.8 million tons, of which 4.8 million tons was basic goods, and 6 million tons of which was no-basic goods. Of all the goods imported, 9 million tons was brought in by truck, and the remaining 1.8 million was brought in by train.

The highest percentage of unclaimed nonoil goods was 44.3 percent at Bandar 'Abbas, and 0.7 percent was announced at Marz-e Bazargan. The total amount of unclaimed import goods at the end of the month of Azar [21 December] was 774,000 tons.

Electrification of 19 Villages in Mazandaran

94LA0098A Tehran SALAM in Persian 3 Feb 94 p 11

[Text] Sari, SALAM Correspondent

On the blessed God's Days, the Fajr 10 days, 19 Mazandaran villages were given electricity.

According to a report by the public relations office of the Electrical Power Distribution Company of Mazandaran Province, 19 villages of Mazandaran Province, with 1,267 families, were electrified. In providing electricity to these villages, a total of 35,518 meters of low-voltage wires, 37,584 of medium-voltage wires, and 30 transformers with a total of 1900 kVa [kilovoltampere] of power were installed.

According to the same report, 947,344,000 rials were spent on the purchasing, installation, and start-up operations of this network.

Over \$400 Million Industrial Goods Exported

94LA0098B Tehran SALAM in Persian 5 Feb 94 p 4

[Interview with Dr. Jamshidi, the international economy deputy minister of industries, on Thursday, 3 Feb 1994, by IRNA; place not given]

[Text] Sari, [IRNA]—The international economy deputy minister of industries said: In the nine months of this year, \$460 million in various goods have been exported.

Dr. Jamshidi said on Thursday in an interview with an IRNA reporter: Industrial goods in the area of exports have two advantages, the relative low cost of energy and especially low wages.

He added: In some industries, including tiles, our country has the ability to compete with foreign countries. At the present time, Iranian tiles are exported to Kuwait and the Persian Gulf sheikdoms. Also, contracts have been signed to export them to Central Asian countries.

He said: Subsidies for export goods are meaningless; goods must be produced to be competitive with similar foreign goods.

Dr. Jamshidi said: After the foreign currency rate became a floating rate in an attempt to prevent the entry of foreign goods, tariffs and commercial taxes were increased. At the present time, however, on the whole they are still not sufficient.

Units Operational in Sistan Va Baluchestan

94LA0098C Tehran SALAM in Persian 5 Feb 94 p 15

[Text] On the occasion of the blessed 10 days of Fajr, three ship-building factories were opened in the industrial township of Kenarak, in the district of Chabahar.

This industrial unit includes two boat-manufacturing factories and one ship-manufacturing factory, which are capable of an annual production of 900 vessels ranging in size from 6 to 60 feet.

Also, on the same occasion, the [Ramin] fishing sea wall of Chabahar was put into operation.

This sea wall, which has a main and secondary offshoot, which are 787 meters and 224 meters, respectively, cost 5.4 billion rials and were funded by the general government funds.

The operation of a one-room manufacturing industrial production unit also started in Zahedan.

This factory is capable of producing more than 30,000 cans of fish annually and can increase production to 70,000 cans annually.

The ceremonies to start the operation of the above-mentioned projects were held in the presence of the ministers of construction jihad and heavy industries and a group of local officials.

Also, work on the Pasabandar dock and the large port in Chabahar region will begin soon.

In the fishing celebration ceremonies of the Sistan Va Baluchestan region, held in the presence of the minister of heavy industries and a large number of fishermen in the cold storage house of the fishery in Chabahar, the minister of construction jihad said: The Oman Sea has large fish reserves, and using these reserves work on the construction of secondary fishing and industrial vessels will continue.

Foruzesh emphasized the need for private-sector investment in fishing.

Transmitters, Radio Stations Become Operational

94LA0098D Tehran SALAM in Persian 9 Feb 94 p 1

[Text] [News Service]— With the efforts of the technical, construction, and facilities experts of the Office of the Technical Deputy Director of the Voice and Vision Organization for Planning and Developmental Affairs, a transmitter and radio station were inaugurated and put into operation during the 10 days of Fajr.

According to a report by the public relations office of the Voice and Vision, with the operation of the "powerful" radio transmitter of Sirjan, the national network program, in addition to serving Sirjan, will be extended to some degree to the villages of Kerman, Yazd, and Fars provinces.

Also, the "moderate power" transmitters of Shahr-e Kord and Ilam, which will cover the entire provinces of Chahar Mahall Va Bakhtiari and Ilam under the provincial network, was put into operation.

This public relations office announced other stations put into operation and regions covered by radio station as follows: The Biarjmand radio transmitter, which will cover the city of Shahrud; the Dorud radio transmitter, which will cover the western part of the province of Lorestan; the Gorgan radio transmitter, which will cover parts of the cities of Behshahr and Gonbad Kavus; and the Mianeh radio transmitter, which will cover the entire city of Mianeh, the cities of Hashtrud and Sarab, and parts of the suburbs of these cities.

Also, the Deyr radio transmitter will connect the western part of Behshahr province to the radio network of the province, and the Khalkhal radio transmitter will extend coverage to the entire city of Khalkhal, with the provincial network program.

Hundreds of Border Roads Closed To Stop Smugglers

94LA0098E Tehran SALAM in Persian 9 Feb 94 p 2

[Text] [News Service]— With the closure of nearly 840 km of eastern borders of the country to smugglers, the roads to the passage of narcotics convoys through the borders into the country was closed.

According to a report by the Central News Unit, referring to the above statement, Mr. Besharati said: The work on closing the borders in the vulnerable areas began four months ago, and these operations were completed with the digging of a canal 4 meters high and wide, the installation of numerous watch towers, and putting mines on the path of narcotics convoys. At the present time, these convoys cannot enter the country.

Concerning the recent riot in Zahedan instigated by narcotics smugglers, referring to the march of the Muslim and revolutionary people of Zahedan in condemning this action by rioters, the minister of interior added: The Shi'ite and Sunni brothers and sisters with their march against the narcotics smugglers once again declared their support for the Islamic revolution, the grand leader, and the president and put an end to all the rumors spread by internal and foreign enemies.

Credits To Implement Projects in Mazandaran

94LA0098H Tehran SALAM in Persian 9 Feb 94 p 15

[Text] Qom, [SALAM correspondent]— In the presence of Engineer Gharazi, the minister of post, telegraph and telephone; Naraqi, the general manager of the communications company; the deputies of the people of Qom in the Majles; the governor; and local officials of the holy city of Qom, three large communications centers were opened and put into operation.

Saburi, the director general of communications of the cities of the province of Tehran, said: The communications centers that have been opened are Martyr Beheshti Center, with 10,000 telephones; 19 Dey [9 January], with 10,000 telephones; and 'Amar Yaser, with 15,000 telephones. With the operation of these centers the existing telephones in the city of Qom increased from 35,000 to 70,000.

Announcing that next year 35,000 telephones will be given to the people of sacred city of Qom, he added: The intercity channels have reached 1,300.

A report by our correspondent indicates that the minister of post, telegraph and telephone along with his companions joined Grand Ayatollah Araki and presented a report to the source of emulation of the Shi'ites of the world on the existing situation of the country and steps taken regarding the services of the Ministry of Post, Telegraph and Telephone. Then Grand Ayatollah Araki recommended serious attention by the officials to the problems of the people and prayed for the success and glory of the true servants of Islam and Muslims.

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